August 20, 1991

TO THE BOARD OF GOVERNORS,

The Board of Directors of the International Finance Corporation has had this Annual Report for the fiscal year ending June 30, 1991 prepared in accordance with the By-Laws of the Corporation. Mr. Barber B. Conable, President of the Corporation and Chairman of the Board of Directors, has submitted this Report, together with the accompanying audited financial statements, to the Board of Governors.

The Directors are pleased to report that, in fiscal year 1991, IFC continued to expand its project financing operations, resource mobilization activities, and advisory services in its developing member countries, while further strengthening its financial position.

Board of Directors as of June 30, 1991

BOARD OF DIRECTORS

Directors		Alternates	
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Fawzi Hamad Al-Sultan	Jean-Pierre Landau	Mohamed W. Hosny	Philippe de Fontaine Vive
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Fritz Fischer	Vibul Aunsmunta	Harald Rehm	Aung Pe
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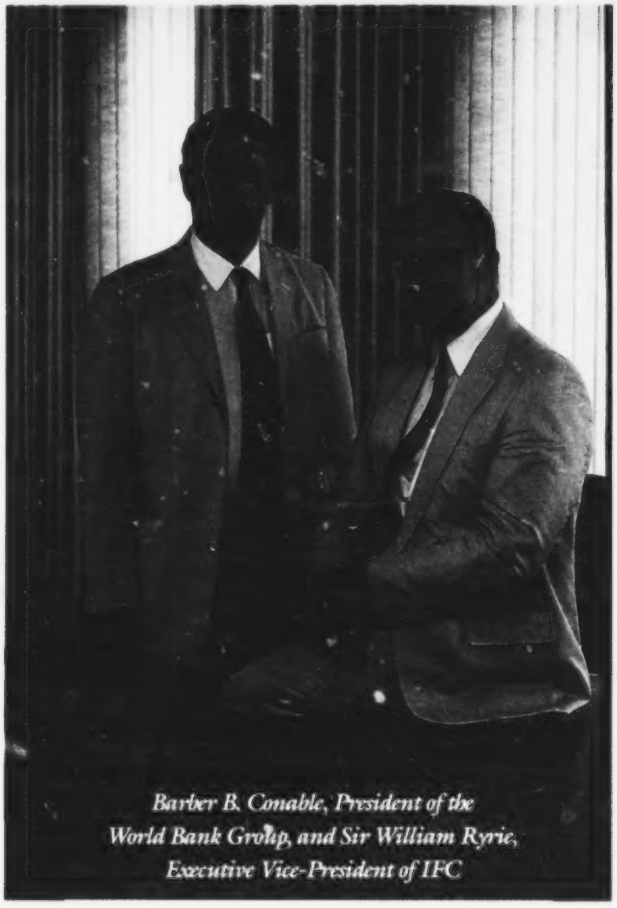


Barber B. Conable, President of the World Bank Group, and Sir William Ryrie, Executive Vice-President of IFC

THE YEAR IN REVIEW

On June 28, 1991, IFC's Board of Directors recommended to the Board of Governors that the Corporation's capital stock be increased from $1.3 billion to $2.3 billion. The recommendation followed 18 months of discussions among IFC's shareholders. The proposed $1 billion increase, which will take effect with the approval of the Board of Governors, expected during the coming months, will permit IFC to embark on a new period of growth and expand its operations substantially during the rest of the decade.

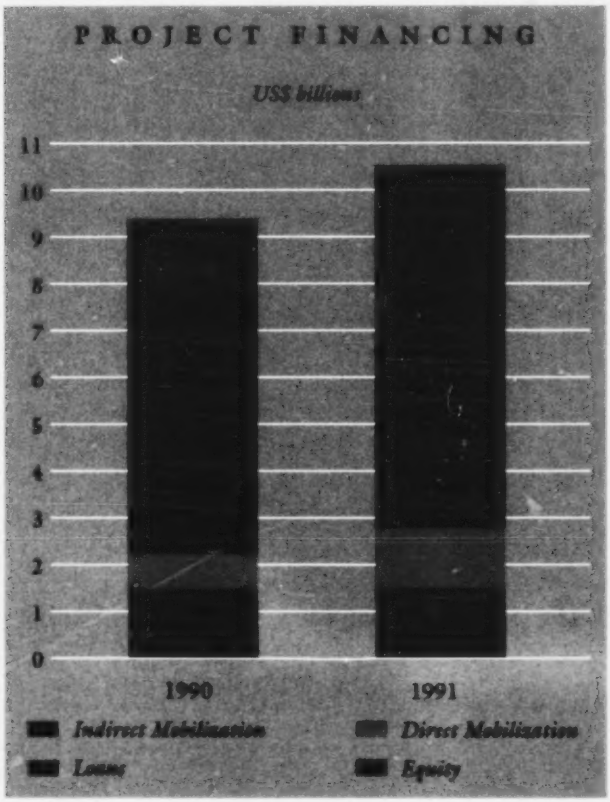
Since the mid-1980s, an increasing number of developing countries have been looking to the private sector to play a larger role in stimulating economic growth. One reason for this trend is that many governments face budgetary problems, sometimes aggravated by losses in state enterprises. There is also a growing recognition that private enterprises operating in a competitive environment are usually more efficient than state enterprises. As a result, many countries are liberalizing and deregulating their economies and improving the environment for private sector activity. A number of IFC's member governments, particularly in Latin America and Central and Eastern Europe, are implementing privatization programs. Some governments are encouraging the private sector to make investments in areas traditionally dominated and financed by the state, such as infrastructure (for example, power, ports, airports, and telecommunications). In this changing environment the demand for IFC financing and advisory services has grown rapidly.

With a capital increase of $1 billion, IFC expects its project financing activities to grow at a healthy rate of 11–12 percent annually throughout the 1990s. In particular, since IFC's equity and quasi-equity investments are funded out of its share capital, an expanded capital base will allow IFC to increase this type of financing, which can be used by private companies in developing countries to finance new investment without increasing their debt burdens. IFC expects its annual approvals to reach $4 billion by the end of the decade, compared with $1.5 billion in FY91. It will help finance projects with total costs of $31 billion, compared with $10.7 billion in FY91.

HIGHLIGHTS OF THE YEAR

	1991	1990
New projects approved (including AEF projects)	152	122
Total financing (gross)	$ 2.9 billion	$ 2.2 billion
Net financing for IFC's account	$ 1.5 billion	$ 1.5 billion
Total project costs	$10.7 billion	$ 9.4 billion
Net commitments for IFC's account	$ 1.3 billion	$ 1.0 billion
Net disbursements for IFC's account	$ 1.2 billion	$ 1.0 billion
Total disbursed loan and equity portfolio for IFC's account	$ 4.3 billion	$ 3.6 billion
Paid-in capital	$ 1.1 billion	$ 1.1 billion
Net income	$ 166 million	$ 157 million
Retained earnings	$ 958 million	$ 792 million
Borrowings for the year	$ 702 million	$ 799 million

Fiscal year 1991, which ended on June 30, 1991, was a year of slower growth, because of capital constraints and global economic uncertainty, but of continuing diversification of the Corporation's activities. The volume of loan and investment approvals grew by only 2 percent, contrasting sharply with annual growth rates of about 20 percent during the period 1986–90. However, the number of projects approved increased substantially in FY91. IFC approved financing for 152 projects, compared with 122 in FY90, in a broad range of sectors and industries. At the same time, the volume of loans and investments approved increased only $34 million, from $1,506 million in FY90 to $1,540 million in FY91. Thus, the average amount of IFC financing approved per project decreased, from $12 million in FY90 to $10 million in FY91.



FY91 was a successful year in terms of resource mobilization. In addition to providing financing for its own account, IFC acts as a catalyst, attracting additional funding for projects from other sources. The projects approved in FY91 had total costs of $10.7 billion, compared with $9.4 billion in FY90. For every $1 in financing approved by IFC for its own account, other investors and lenders provided nearly $6.

IFC mobilizes funds both indirectly, by encouraging private companies and financial institutions to participate in projects as its partners, and directly, through mechanisms such as loan syndications, underwriting of debt and securities issues, and private placements. The funding mobilized by IFC in FY91 was a record for the Corporation. IFC approved $1.3 billion in syndicated loans and $33 million in underwritings. It also placed $58 million in debt and securities issues with private institutional investors.

During the year, IFC continued to diversify the financial services offered to clients, acting as an intermediary to enable them to gain access to the currency and interest rate swap markets.

IFC's advisory and technical assistance program expanded substantially in FY91, particularly with respect to privatizations and capital market development.

The Corporation disbursed $1.2 billion in loans, equity, and quasi-equity investments during the year. The disbursed portfolio grew by 20 percent over the fiscal year, from $3.6 billion at June 30, 1990 to $4.3 billion at June 30, 1991. The performance of IFC's portfolio has been encouraging, and it continued to improve in FY91. The collection rate for the year stood at 94.4 percent. Dividend income from the equity portfolio reached $31.6 million in FY91, compared with $30.7 million in FY90, while capital gains totaled $112.9 million in FY91, compared with $90.7 million in FY90.

IFC's net income for the year reached $166 million, representing a return on the Corporation's net worth of 8.4 percent, surpassed only in FY89 when capital gains were exceptionally large. The Corporation made five successful borrowings in the international financial markets, raising a total of $598 million. Supported by its triple-A rating, the Corporation was able to raise these funds at highly favorable rates.

IFC welcomed six new member countries during FY91—Algeria, the Central African Republic, Czechoslovakia, Mongolia, Namibia, and Romania—bringing total membership to 141 countries. Bulgaria became IFC's 142nd member in July 1991, shortly after the close of the fiscal year.

To support the expansion of its operations in Africa, Central and Eastern Europe, and Latin America, IFC increased its presence in these regions, opening Regional Missions in Cameroon and Zimbabwe, and Resident Missions in Brazil, Czechoslovakia, and Hungary. It also created a new position—Capital Markets Regional Representative for Central and Eastern Europe—based in Prague. At headquarters, IFC reorganized its Investment Departments, creating a department specifically for Europe and one for the Middle East and North Africa.

During the year the Board of Directors conducted detailed discussions on what the Corporation's priorities should be during the rest of the decade. There was general agreement that IFC should continue to emphasize its catalytic role—mobilizing large amounts of capital from private sources and finding ways to stimulate private sector activity with small outlays of its own funds. IFC's program for the 1990s includes an expansion of its direct resource mobilization activities—loan syndications, underwritings, and private placements—and the development of new mobilization techniques, for example, securitized loan sales.

IFC will also continue to help its member countries build efficient capital markets—for example, by investing in new financial institutions, advising governments on developing the framework for a modern financial system, and stimulating foreign portfolio investment in developing-country stock markets through vehicles such as country funds. The Corporation will give priority to assisting governments with privatization programs. It will also increase lending to small and medium-size enterprises, using local financial institutions as intermediaries, and provide technical assistance to small-scale entrepreneurs, for example, through its business advisory services and project development facilities. IFC will also provide finance and mobilize funds from international markets for infrastructure and large-scale projects, often perceived as risky by private lenders and investors.

The recommended capital increase will give IFC the flexibility to respond to the different needs of the various developing regions and to achieve regional balance in its operations. It will enable IFC to meet the substantial demand for its financial and advisory services in Asia and Latin America, maintain a strong presence in Central and Eastern Europe, expand its role in the Middle East, and intensify its efforts in sub-Saharan Africa. Financing for projects in all regions will increase substantially.

During the period 1992–2000, the volume of annual loan and investment approvals in Latin America is expected to increase by 70 percent over FY90 or FY91, in Asia, by 60 percent. Europe's share of total IFC financing approved in a given year is expected to increase from 11 percent to 17 percent. IFC expects to approve about $500 million in financing yearly for projects in Europe, an increase of more than 190 percent over approvals in FY90 or FY91. Of this amount, $300–350 million will go to projects in Central and Eastern Europe, where IFC will also provide substantial technical assistance and advice, given the critical shortage of private sector expertise.

THE PAST TEN YEARS

(US$ millions)

Fiscal year	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
					OPERATIONS					
Investments Held										
Number of firms	*333*	*341*	*349*	*366*	*377*	*409*	*454*	*468*	*495*	*547*
Loans	1,551	1,588	1,644	1,748	2,001	2,347	2,848	3,472	4,068	4,665
Equity	284	294	346	368	386	409	526	573	684	829
Total	1,835	1,882	1,990	2,116	2,387	2,756	3,374	4,045	4,752	5,494
Disbursements										
IFC's own account	246	228	238	266	325	328	762	870	1,001	1,249
Participants	284	146	143	84	140	166	110	207	125	428
Total	530	374	381	350	465	493	872	1,077	1,126	1,677
Commitments										
IFC's own account	300	218	355	354	513	742	1,098	1,207	1,027	1,347
Participants	80	115	415	127	168	255	63	314	337	575
Total	380	333	770	481	681	997	1,161	1,521	1,574	1,922
Approvals										
Number of projects	*65*	*58*	*62*	*75*	*85*	*92*	*95*	*92*	*122*	*152*
Gross investments	612	845	696	937	1,156	920	1,270	1,710	2,201	2,846
Total project costs	2,936	2,894	2,473	2,768	3,588	4,343	5,010	9,698	9,377	10,661
					RESOURCES AND INCOME					
Capitalization										
Borrowings	531	536	583	825	1,223	1,581	2,047	2,255	3,580	4,130
Paid-in capital	497	544	544	546	602	722	850	948	1,072	1,145
Retained earnings	181	204	230	258	284	338	438	635	792	958
Earnings										
Net income	21.6	23.0	26.3	28.3	25.4	53.8	100.6	196.5	157.0	165.9

IFC projects that loan and investment approvals in sub-Saharan Africa will reach $400 million annually, more than double the volume approved in either FY90 or FY91. The volume of project approvals in the Middle East and North Africa is expected to increase to $200 million annually.

Discussions about the capital increase stimulated debate about the role each institution in the World Bank Group should play with respect to private sector development. The Bank Group's shareholders agreed that the World Bank should retain the primary role in policy dialogue with governments; however, in the future IFC will make a greater contribution to developing private sector strategies, based on its experience as a financier of projects. A special unit will be formed within IFC to work with Bank staff on private sector assessments and country strategies, and IFC's Investment Departments will work closely with the Bank's Country Departments. While IFC will continue to focus on specific transactions, the World Bank will help governments create a macroeconomic environment in which private enterprise can prosper, through structural adjustment programs, financial sector reform, and improvements in infrastructure, education, and health. MIGA will encourage private investment by insuring investors against political risks.

The shareholders' discussions thus had important results beyond additional funding for IFC's operations. They clarified the role of each member of the World Bank Group and paved the way for improved coordination. Most important, they reaffirmed the Bank Group's commitment to private sector development as one means of stimulating economic growth and reducing poverty in developing member countries.

THE CLIMATE FOR PRIVATE INVESTMENT IN DEVELOPING COUNTRIES

RECENT TRENDS

In 1990 increased uncertainty resulting from the Gulf crisis and the slowdown in the world economy led many private businesses in developing countries to postpone investment. Firms in the developing world, particularly in the oil-importing countries, were adversely affected by the uncertainty over oil prices, which increased sharply after the invasion of Kuwait and later dropped to pre-invasion levels. The embargo against Iraq, the displacement of large numbers of migrant workers from the Gulf region, and the disruption in world tourism also contributed to the uncertainty and had a negative impact on businesses in many regions, particularly the Middle East.

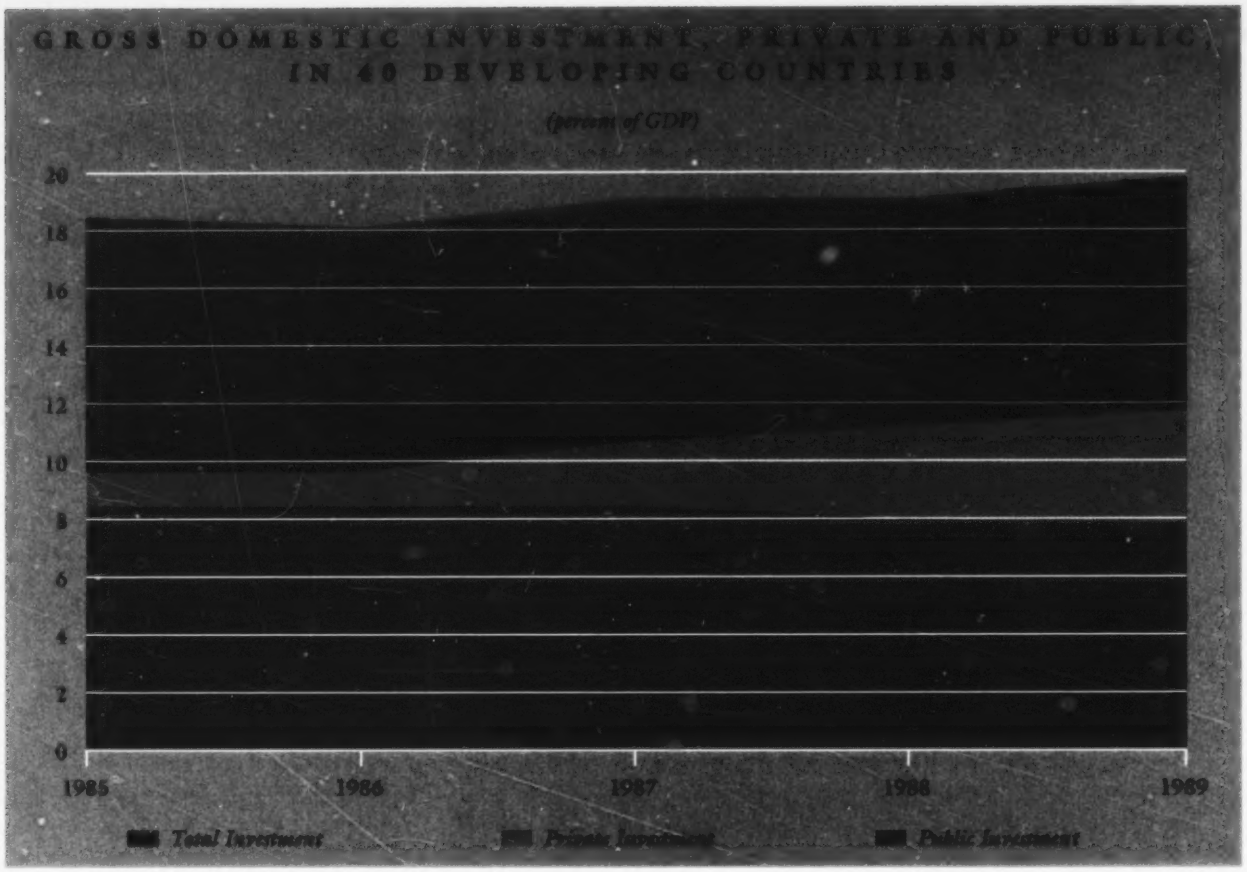
The Gulf crisis also undermined consumer confidence, which contributed to the economic slowdown already under way in the larger industrialized countries. Recession in the United States, the single largest market for exports from developing countries, was an important factor in slowing international trade expansion. Growth in world trade volume fell from 7 percent in 1989 to 5 percent in 1990. Prices for agricultural and industrial commodities also declined and are expected to remain depressed through 1991. Despite sluggish growth in the industrialized countries, real interest rates remained high. In real terms, the six-month LIBOR on U.S. dollar deposits averaged 4.9 percent in 1990 and is expected to remain at that level during 1991.

Overall, growth in developing countries fell to 2.4 percent in 1990, down from an already low figure of 3.2 percent in 1989, and barely exceeded population growth. Real per capita incomes fell in most of Africa, Central and Eastern Europe, and Latin America, as many countries struggled to control inflation and undertook difficult structural reforms. Most East Asian countries, on the other hand, continued to experience very rapid growth, with constraints in infrastructure and human resources hampering business expansion.

Despite the adverse business climate during 1990, the trade performance of developing countries was relatively good. The growth rate of manufactured exports, although lower than in 1989, was still positive. The fact that exports of manufactured goods from developing countries expanded more rapidly than total production highlights the importance of these exports in overall development. Companies in developing countries, many with IFC's assistance, are competing successfully in the international marketplace for manufactures.

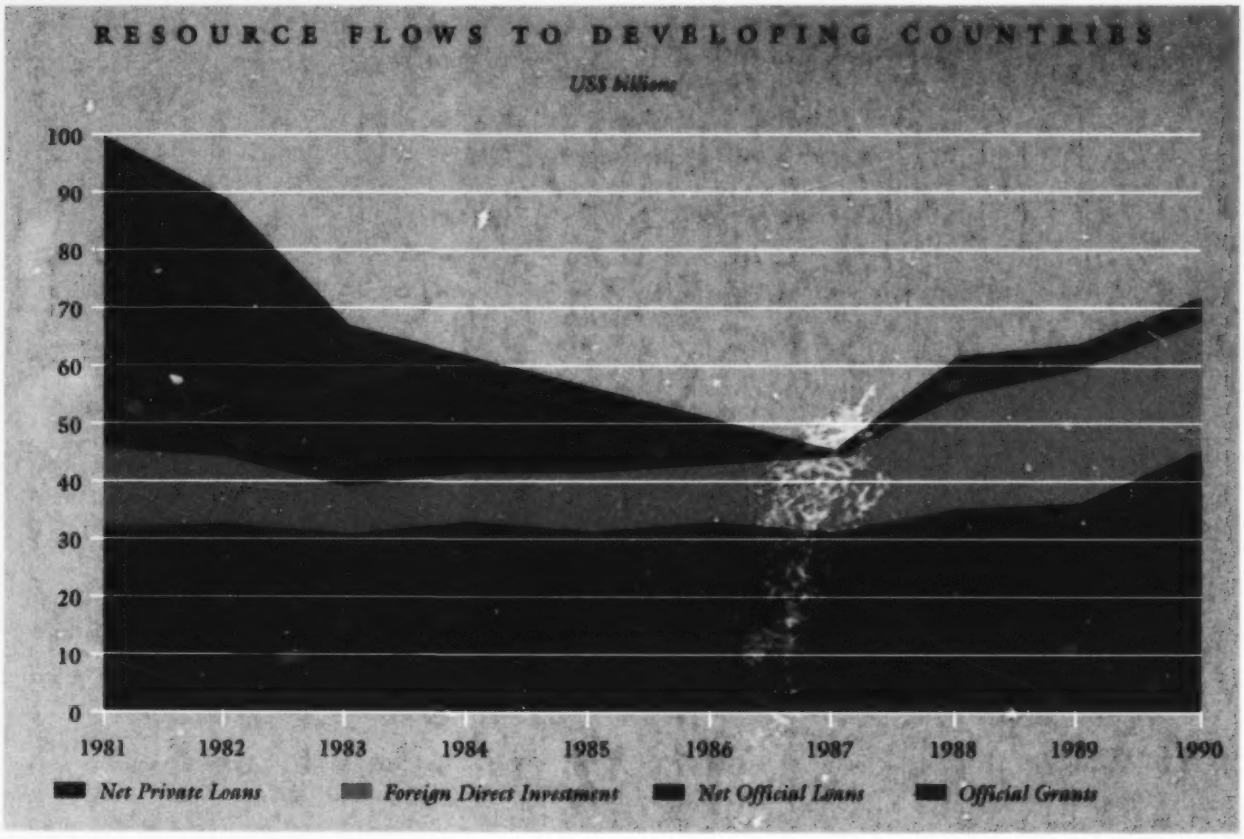
PRIVATE INVESTMENT

Private investment, which is vital to the development process, represents 60 percent of total investment in developing countries. An IFC study shows that, in the 40 developing countries for which data exist, private investment increased from less than 10 percent of GDP in the mid-1980s to nearly 12 percent at the end of the decade. There has been a marked shift toward private investment in East Asia and Latin America and a modest shift in sub-Saharan Africa. There is no evidence of such a shift in South Asia. Private investment is beginning to occur in Central and Eastern European countries where the private sector, until recently, was insignificant. For example, in Hungary private investment now accounts for 4–5 percent of GDP and over 25 percent of total investment. Meanwhile, public investment in the developing countries has reached the lowest point in 15 years, especially in the high-debt countries. Deteriorating infrastructure is becoming a serious obstacle to private sector development in a number of countries.



Underlying this shift to private investment, which is expected to continue during the 1990s, is a growing recognition by many governments that local businesses need to be linked with the global economy to succeed. They must have access to modern transport, communications, and computer facilities, as well as to modern, market-driven banking systems and efficient capital markets. Improvement in economic policies is associated positively with the financial and economic performance of private businesses. A study of 150 projects financed by IFC demonstrates that rates of return are higher in countries where market forces are allowed a freer rein, while conversely, high import protection rates, overvalued currencies, and interest rate subsidies are associated with lower business returns. An analysis of private investment trends in 30 developing countries over the past two decades also suggests strongly that government borrowing, often to finance inefficient state enterprises, has restricted private sector access to financing and crowded out private investment.

Increasingly, governments in the developing world are realizing that the public sector has no comparative advantage in many sectors that have traditionally been the province of the state. They are opening these sectors to private enterprise, and privatizing a growing number of public enterprises. In countries where governments have liberalized support services, private companies are flourishing. Chilean entrepreneurs, for example, have captured most of the United States' winter market for grapes. This was possible because the Chilean Government opened the shipping sector to competition.



FOREIGN INVESTMENT

Direct Investment

In most developing countries, domestic savings are not sufficient to finance business growth. Consequently, developing countries that are encouraging private sector activity are also seeking to increase the inflow of foreign direct investment. A number of them have requested advice from the Foreign Investment Advisory Service (FIAS), which is jointly operated by IFC and MIGA.

Developing countries also seek to attract foreign direct investment for the benefits it often brings. Many developing countries have found that the best—and often only—way to acquire a proven technology is through foreign direct investment, often in the form of joint ventures between domestic and foreign businesses. Improved management is another important benefit of foreign direct investment. A third benefit is the access to distribution channels abroad, as well as accurate information about market trends.

The volume of foreign direct investment increased in recent years as developing countries began to recognize these advantages. In the 1980s, the developing countries' total net capital inflows from official transfers (foreign aid), official long-term lending (both bilateral and multilateral), net commercial bank loans, and foreign direct investment, amounted to $1.3 trillion. Long-term official loans represented the largest part of this amount, 43 percent, followed by net commercial bank loans at 22 percent. The remainder was split evenly between foreign direct investment and official aid, each contributing 17 percent.

Before the debt crisis, commercial bank loans represented by far the most important source of foreign financing for investment. By the end of the 1980s, however, two important trends had emerged. First, the overall level of resource flows generally declined, reaching a low in 1987 and recovering somewhat in the subsequent two years. Second, the amount of foreign direct investment declined in the first half of the decade, but increased in both absolute and relative terms after 1986.

CUMULATIVE FOREIGN DIRECT INVESTMENT INCLUDING REINVESTED EARNINGS

US$ billions

	1981	*1982*	*1983*	*1984*	*1985*	*1986*	*1987*	*1988*	*1989*	*1990*	*TOTAL*
Latin America/ Caribbean	7.7	6.0	3.2	3.2	4.3	3.4	5.5	6.9	5.3	7.2	52.7
South Asia	.1	.2	.1	.2	.3	.4	.4	.5	.5	.6	3.2
East Asia	4.4	3.8	3.9	4.2	3.6	3.8	5.6	8.5	9.4	9.3	56.7
Middle East/ North Africa	.9	1.3	.8	.9	.3	.4	—	—	—	.3	4.8
Europe	.1	.1	.1	.1	.1	.1	—	.3	.9	1.4	3.3
Sub-Saharan Africa	.7	.9	.8	.8	.8	1.2	1.0	.9	3.1	1.1	11.4
TOTAL	14.0	12.2	9.0	9.3	9.5	9.3	12.6	17.1	19.1	19.9	132.0

In absolute numbers, foreign direct investment is highly concentrated in a few countries. During the period 1981–90, nearly two thirds of total foreign direct investment, including reinvested earnings—$132 billion—went to ten countries: Mexico ($16.7 billion); Brazil ($14.1 billion); China ($13.5 billion); Malaysia ($10.2 billion); Argentina ($7.5 billion); Thailand ($6.8 billion); Nigeria ($5.9 billion); Colombia ($4.5 billion); Indonesia ($4.1 billion); and the Philippines ($3.1 billion).

However, over the same period the smaller developing countries attracted more foreign direct investment flows relative to the size of their economies than the larger ones. For example, the contribution of foreign direct investment to GNP in Botswana, Costa Rica, the Dominican Republic, Swaziland, and Tunisia, was more than four times greater than in Brazil and Indonesia, and more than 30 times greater than in China. Other small economies where foreign direct investment played a larger role than in any of the top 10 recipients include Gabon, Papua New Guinea, and several Caribbean islands.

Since 1986, countries in East Asia, Latin America, and Europe experienced the fastest increase in foreign direct investment. This increase was particularly rapid in Indonesia, Malaysia, and Thailand; foreign direct investment in China declined somewhat in 1990 after having risen rapidly through 1989. In Latin America, Chile, Mexico, and, more recently, Argentina and Venezuela show the most rapid increases. The recovery of foreign direct investment flows in Latin America is being driven by policy improvements and agreements with foreign bank creditors, as well as by the use of debt-equity swaps and the privatization of state enterprises. Foreign investment flows to Brazil declined abruptly during 1989 and 1990, reflecting the poor business climate. Statistics for Europe showed a rapid increase in flows of foreign direct investment, as a consequence of policy improvements in Turkey and new investment, although on a modest scale, in Central and Eastern Europe. Flows into the other developing regions are increasing at a slow rate.

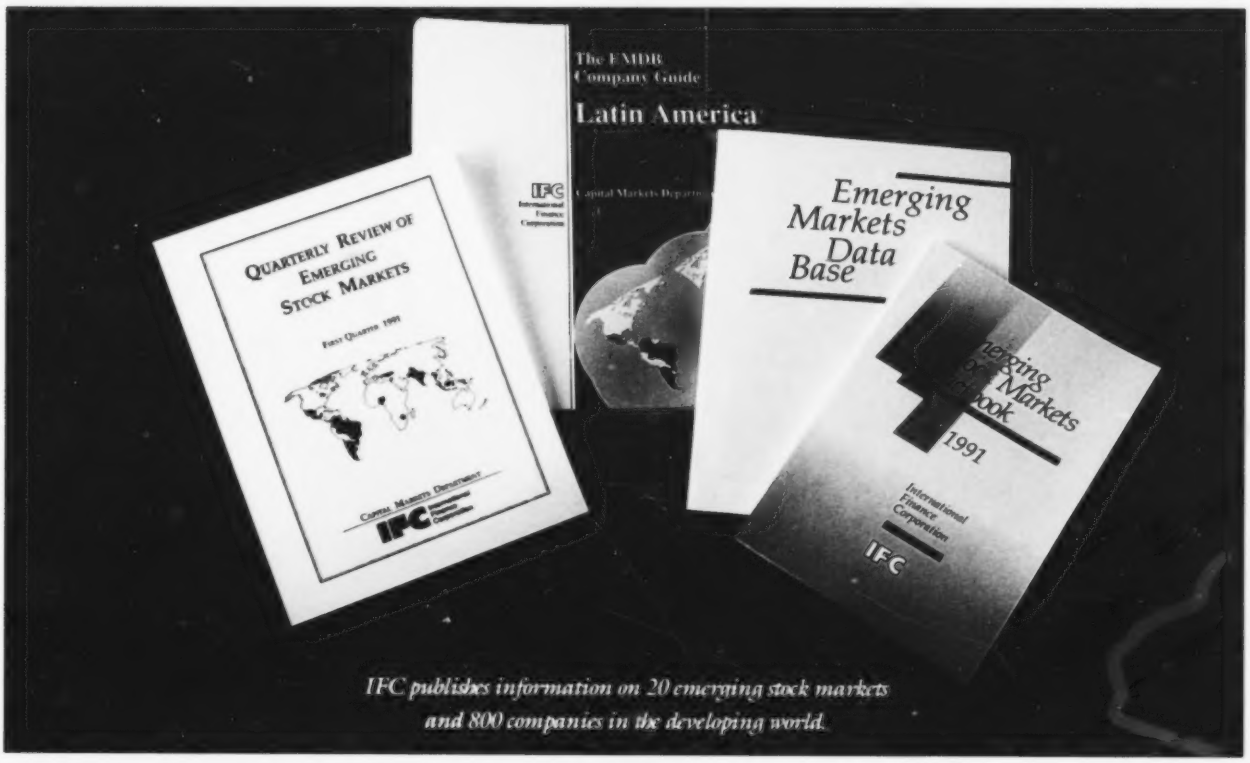
PORTFOLIO INVESTMENT

Foreign funds also flow to companies in the developing world in the form of portfolio investment. Stock markets in developing countries have grown rapidly in the past decade—the capitalization of the 20 largest emerging stock markets increased sevenfold; the number of listed companies doubled; the value traded on these exchanges increased nearly 4,000 percent; and market capitalization increased from 6 percent to 32 percent of GDP. In 1989 and 1990, more than 1,200 companies in the 20 largest emerging stock markets raised over $50 billion from domestic equity markets.

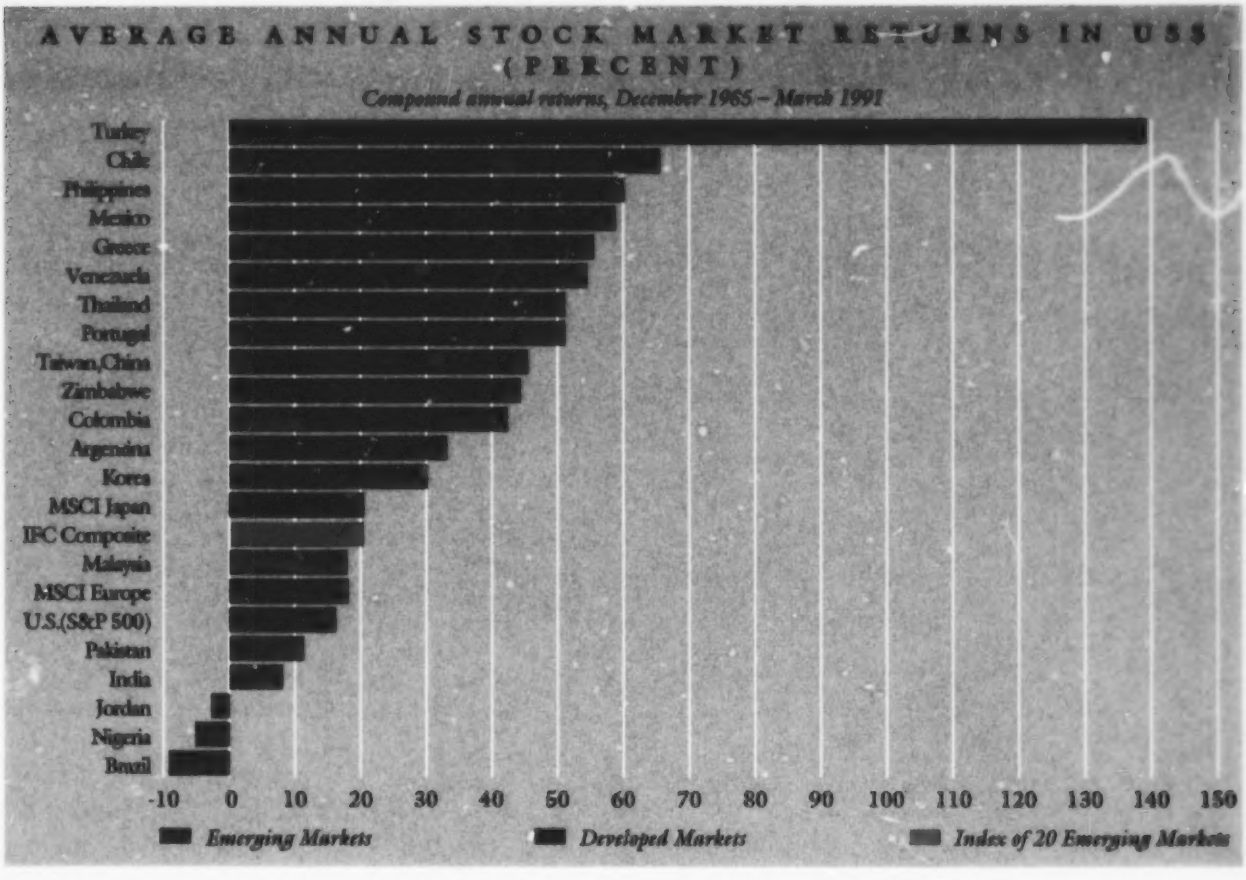
Although many emerging stock markets experienced weakness during 1990 (as did stock markets in most of the developed countries), given their high returns in recent years these markets have become increasingly appealing for foreign portfolio investors. In fact, over the past few years, the best performing stock markets in the world were primarily in developing countries. In 1990, seven of the ten best performing markets in the world, measured in U.S. dollars, were Venezuela (+572 percent), Zimbabwe (+84 percent), Chile (+31 percent), Colombia (+27 percent), Mexico (+25 percent), Nigeria (+24 percent), and India (+16 percent). As shown in the chart, over a five-year period many of the emerging markets outperformed the developed markets, including the United States (+15 percent), Europe (+17 percent), and Japan (+20 percent).

Firm figures on international portfolio investment flows to developing country markets are not available, but average annual flows in recent years are estimated at approximately $1–2 billion. Total equity holdings by non-residents in emerging markets are currently estimated to be about $17 billion. The dramatic increase in portfolio investment in these markets has been facilitated by the establishment of a growing number of country and regional investment funds. IFC's pioneering work with country funds started with the creation of the Korea Fund in 1984. Since that time IFC has helped to launch 26 other funds for emerging markets. Last year over 50 new emerging-market country funds were offered for Central and Eastern Europe, Latin America, and Asia. Latin American funds attracted about $475 million, Korean funds about $430 million, and Indonesian funds around $325 million. At the end of 1990, there were about 139 country and regional funds for emerging markets. These funds had total net assets of approximately $12 billion.

Over the past year a number of companies based in developing countries began to raise equity directly from investors in developed countries rather than indirectly through country funds. Companies from Chile, Korea, Mexico, Portugal, and Thailand issued international depositary receipts (or their equivalents) to raise capital and to broaden their shareholding base. More issues are expected from these markets, as well as from the Philippines, Brazil, and others, in 1991.



IFC publishes information on 20 emerging stock markets and 800 companies in the developing world.



Increased foreign portfolio investment has been aided by improved economic performance and prospects, and the growing sophistication of emerging stock markets with regard to clearance and settlement procedures. Another factor that has stimulated foreign portfolio investment has been the increase in information about emerging markets. IFC has taken the lead in this area by making information about emerging stock markets available to international investors through its Emerging Markets Data Base, *Emerging Stock Markets Factbook*, and *Company Handbooks*.

Government action, particularly the adoption of deregulatory measures, also has encouraged portfolio investment in a number of developing countries. Mexico stimulated its securities market by introducing a trust mechanism allowing foreign investors to buy Mexican shares without voting rights; this has helped increase the total of foreign-owned equities in the Mexican market, now estimated to be about $1.5 billion. Recently, Korea has allowed the registration of foreign broker/dealers to deal in Korean securities, and in February 1991, Pakistan decided to open the stock market to non-resident investment and to liberalize rules on repatriation of capital and income. Brazil decided to allow foreign investors to buy shares through Brazilian securities firms, and reduced the period of time portfolio investment must remain in the country from ninety days to one day.

Looking at trends for the 1990s, there are several developments that are expected to transform emerging markets in the next few years. First, given the large number of country funds and institutional investor interest in portfolio diversification, regional funds will gain importance. Second, privatizations will tend to increase the size and liquidity of many emerging markets, especially in Central and Eastern Europe and Latin America. Third, more and more companies based in developing countries will seek to raise equity directly from investors in developed countries rather than indirectly through country funds.

Overall, portfolio investment in emerging stock markets is expected to increase substantially in the 1990s. Total assets of institutional investors in the major industrialized countries currently are over $7 trillion and growing steadily. Even a slight percentage increase in institutional investment in emerging markets will lead to substantial additional inflows of risk-based capital. This is expected to occur as more foreign investors recognize the gains that can be made in emerging stock markets and more governments in developing countries institute regulatory changes to facilitate the flow of portfolio investment.

INVESTMENT PROSPECTS

The prospects for private investment in developing countries during the rest of the decade will be influenced by the recovery of the industrialized economies and a possible worldwide capital shortage. Japan and Germany are expected to continue to grow, although somewhat more slowly than the very rapid pace achieved in 1990. Although output in the United Kingdom and Canada is expected to decline in 1991, many forecasters expect recession in the United States to end before December 1991. These three countries are expected to register growth in 1992. Overall, growth in the industrial countries is expected to rebound from 1.2 percent in 1991 to 2.8 percent in 1992.

The expected economic rebound in the industrial countries should lead to improved performance in developing countries. Growth is expected to increase from 3.1 percent in 1991 to 4.3 percent in 1992, although the performance of individual countries will vary. Medium-term prospects for developing countries undertaking far-reaching structural reforms are fairly bright; these countries will be in a better position to respond to improved global economic conditions as growth resumes in the industrial economies. However, prospects for developing countries still suffering from macroeconomic imbalances are less encouraging.

There is the possibility of a worldwide capital shortage in the near future. Global capital exports are expected to abate as Japan strives to contain its trade surplus and Germany increases imports and channels savings into restructuring eastern Germany. While global saving is not increasing, large capital needs are emerging, especially in the Middle East and Central and Eastern Europe. This is expected to keep real interest rates high. The implication for private businesses in developing countries is clear: continued high real interest rates mean that only investments expected to yield high returns are likely to obtain financing.

Where are such investment opportunities likely to be found? The prospects for private investment are strongly influenced by government policy. Policy progress achieved over the past few years offers a clue as to where private investment is likely to be most dynamic in the immediate future. A review of fiscal, exchange rate, and trade policies, as well as of progress in deregulation, financial sector reform, privatization, the foreign investment regime, and attitudes toward property rights, suggests that business prospects are very favorable in a number of developing countries, including Chile, Indonesia, Malaysia, Mexico, Thailand, and Venezuela. These countries also have experienced particularly rapid increases in foreign direct investment inflows and are likely to attract rising volumes of foreign direct investment during the next few years. Business prospects in countries that have made less progress with policy reforms are likely to be less favorable.

REPORT ON OPERATIONS

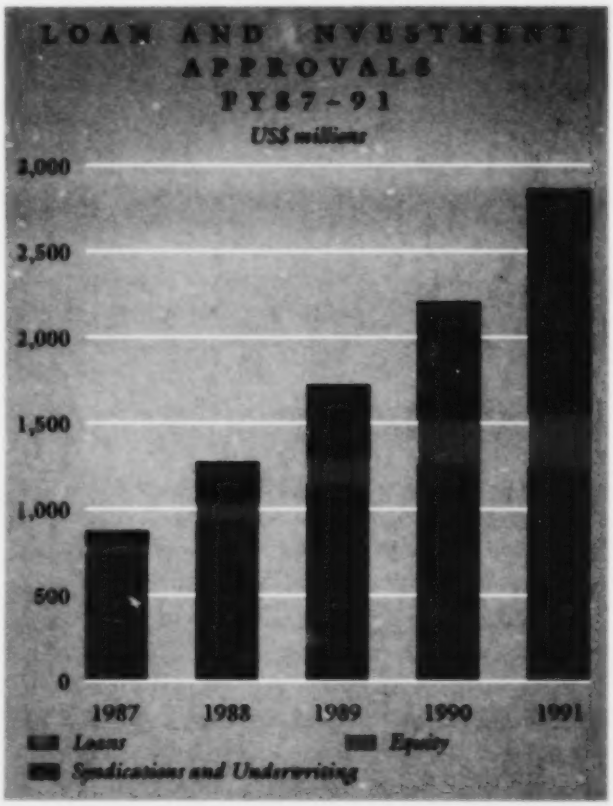
During the fiscal year the Corporation approved $1,540 million in financing for 152 projects, compared with $1,506 million in financing for 122 projects in FY90. The FY91 figure, which represents financing for IFC's own account, includes loans of $1.1 billion, guarantees and standby arrangements of $132 million, and equity and quasi-equity investments of $317 million.

The projects approved had total costs of $10.7 billion. In addition to approving loans and investments for its own account, IFC mobilized substantial project financing from other sources. For every $1 approved by IFC, it mobilized nearly $6 from other lenders and investors, either indirectly, in the form of cofinancing, or directly, through loan syndications ($1.3 billion), and underwriting of debt and equity issues in domestic and international markets ($33 million). IFC also placed with institutional investors debt and securities issues totaling $58 million.

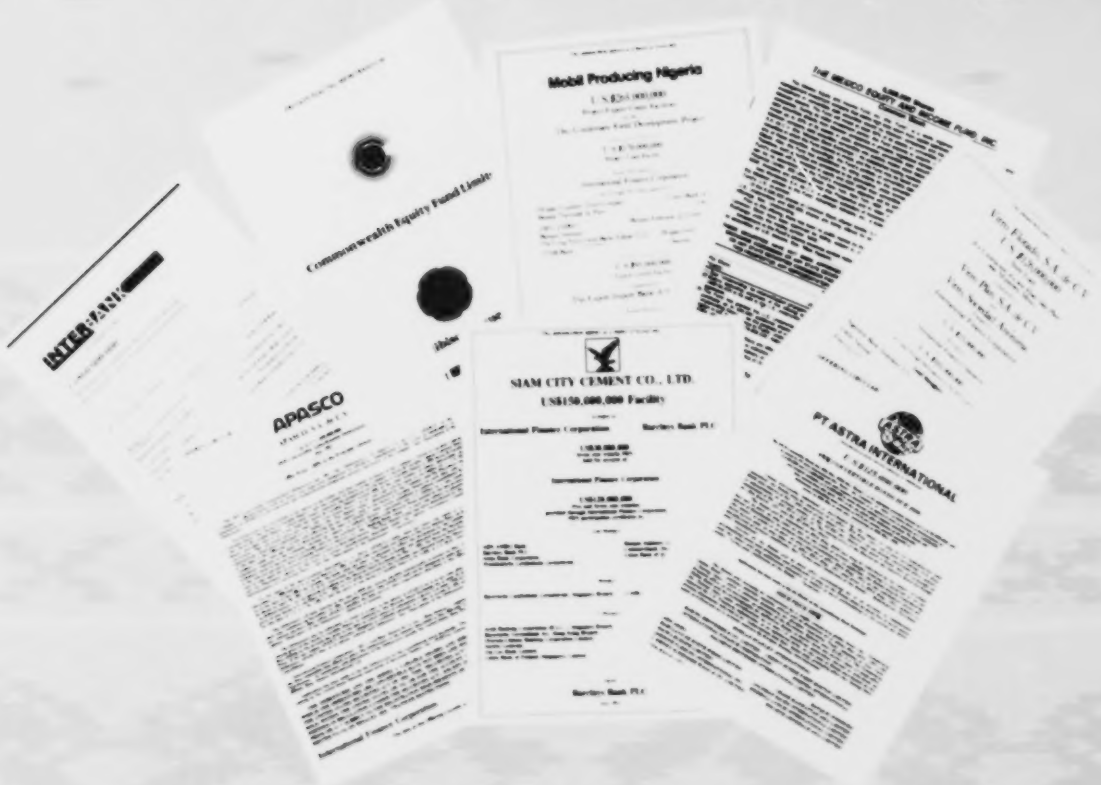
IFC provided its clients with a variety of financial services, including three currency and interest rate swap intermediations. In addition, IFC provided businesses and governments with advisory services and technical assistance on a wide range of subjects.

PROJECT FINANCING FOR IFC'S OWN ACCOUNT

In accordance with IFC's policies, all of its loans in FY91 were made at market rates. Maturities, set to conform with the requirements of each project, ranged from 5 to 15 years and included grace periods of 1 to 5 years. Interest rates ranged from 88 to 300 basis points over six-month LIBOR for variable-rate loans or the swap-based equivalents for fixed-rate loans; IFC also charged standard front-end and commitment fees. IFC continued to offer loans denominated in all of the major international currencies at the client's choice. Most of the loans approved in FY91 were denominated in U.S. dollars (92 percent of total loan volume) and were available at either fixed or variable rates.



The record volume of equity and quasi-equity investments approved in FY91 reflects IFC's greater emphasis on this type of financing as well as an increase in equity opportunities in member countries as a result of policy and regulatory changes affecting securities markets and exchange rates. Quasi-equity instruments approved during the fiscal year include subordinated loans, convertible debentures, preferred stock, income notes, and loans with conversion features.



Participants in IFC Syndications in FY91

ABN AMRO
Arab Banking Corporation (B.S.C.)
ASLK-CGER Bank
Asian Finance & Investment Corporation Ltd.
Banca Toscana Spa
Bank für Oberösterreich und Salzburg (Oberbank)
Banque Française du Commerce Extérieur
Banque Indosuez
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque Sudameris
Banque Worms
Banque et Caisse d'Epargne de l'Etat, Luxembourg
Bayerische Vereinsbank AG
Berliner Bank AG
Compagnie Financière de CIC et de l'Union Européenne
Crédit Industriel de l'Ouest
Crédit Lyonnais
Crédit National
Crédit Suisse
Creditanstalt-Bankverein
The Dai-Ichi Kangyo Bank, Ltd.
The Daiwa Bank, Ltd.
Den norske Bank A/S
DG Bank AG – Deutsche Genossenschaftsbank
Deutsche Bank AG
Doha Bank Limited
First City, Texas–Houston, N.A.
The Fuji Bank, Limited
Generale Bank S.A./N.A.
Girozentrale und Bank der Österreichischen Sparkassen A.G.
The Long-Term Credit Bank of Japan, Limited
Middle East Bank Limited
The Mitsubishi Trust & Banking Co., Ltd
The Mitsui Taiyo Kobe Bank, Limited
Morgan Grenfell & Co. Limited
Morgan Guaranty Trust Company of New York
NMB Postbank Groep N.V.
Nordbanken
Österreichische Länderbank A.G.
Österreichische Volksbanken A.G.
Postipankki, Ltd
Skandinaviska Enskilda Banken
Skopbank
Société Générale
Swiss Bank Corporation
Swiss Volksbank
The Tokai Bank, Limited
Union Bank of Finland, Ltd.
Union Bank of Switzerland

FY91 AND FY90 PROJECTS BY REGION

US$ millions

	FY91			FY90		
	Number	Gross Amount[1]	Net Amount	Number	Gross Amount[1]	Net Amount
Sub-saharan Africa	42	$ 319	$ 194	32	$ 265	$ 164
Asia	39	1,178	534	35	697	481
Europe	15	292	189	20	242	188
Latin America and the Caribbean	45	886	502	29	735	550
Middle East and North Africa	8	64	64	3	99	47
Worldwide[2]	3	108	58	3	163	75
Total	152	$2,846	$1,540	122	$2,201	$1,506

[1] Dollar amount refers to total financing approved for IFC's account, loan syndications, and underwriting.
[2] FY91: Commonwealth Equity Fund, Multi-Country Loan Facilities; FY90: Multi-Country Loan Facilities.

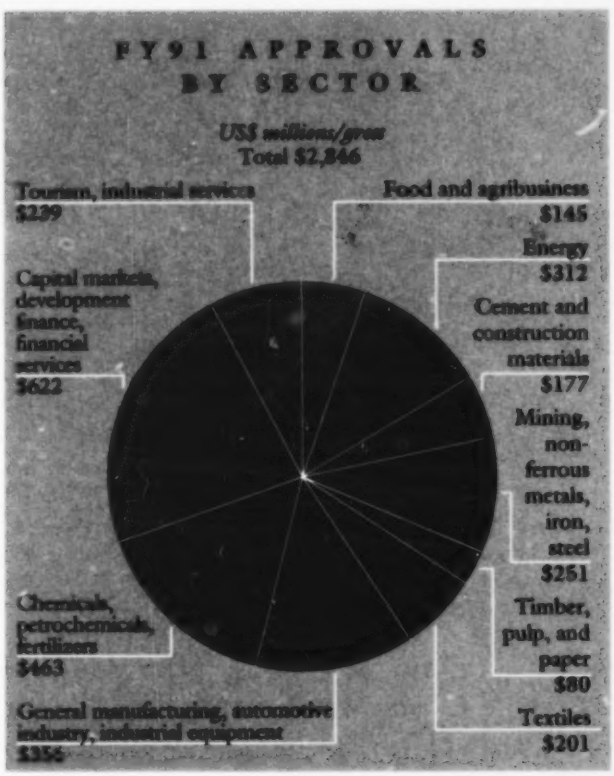
Geographical distribution of projects

IFC strives for geographical diversity in its project financing activities. Projects approved in FY91 were located in 46 countries; one was regional and three were global in scope. Of the 122 projects approved in FY90, 90 were located in 38 countries; one was regional, and three were worldwide in scope. Net financing approved increased in all regions except Latin America and the Caribbean (see table).

Of the projects approved, 82, accounting for financing of $810 million, were located in low-income countries with per capita incomes of $830 or less. These investments represented 54 percent of the number and 53 percent of the net volume of financing approved.

Sectoral breakdown of projects

IFC approved financing for projects in a broad range of sectors during FY91, including banking and financial services, tourism, mining, petrochemicals, electricity, oil and gas exploration, telecommunications, agribusiness, and general manufacturing. IFC approved 30 institution-building projects in the financial sector, many of which involved the creation of institutions providing financial products and services new to the host country. IFC also approved 15 agency and credit lines to financial intermediaries for onlending to enterprises too small to be directly financed by IFC.


FY91 APPROVALS BY SECTOR
US$ millions/gross
Total $2,846
Tourism, industrial services $239
Food and agribusiness $145
Energy $312
Capital markets, development finance, financial services $622
Cement and construction materials $177
Mining, non-ferrous metals, iron, steel $251
Chemicals, petrochemicals, fertilizers $463
Timber, pulp, and paper $80
General manufacturing, automotive industry, industrial equipment $356
Textiles $201

DIRECT RESOURCE MOBILIZATION

In addition to indirect resource mobilization—encouraging investors and lenders to participate in the projects it finances—IFC mobilizes substantial amounts of debt and equity financing for companies directly, with relatively small outlays of its own funds. During the year IFC merged the International Securities Group and Syndications Division to form the new Securities and Syndications Division within the Capital Markets Department, focusing responsibility for direct mobilization from both international investors and bank lenders in one division.

In FY91 IFC approved a record volume of syndicated loans—$1.3 billion for 33 projects. Among the largest syndicated loans approved were those for Mobil Producing Nigeria, an oil exploration project ($95 million); Siam City Cement Co., Ltd. in Thailand ($120 million); Interbank A.S., a Turkish commercial bank ($60 million); and Vitro Flotado, S.A. de C.V., a Mexican float-glass producer ($101 million). Loan syndication is one of IFC's most effective catalytic functions. Employing techniques developed since the 1960s, IFC has successfully placed over $3.7 billion of participations in its loans with 272 financial institutions, primarily international banks. While participating banks remain fully exposed to commercial risk, the Corporation's special status has ensured that, in practice, no IFC loan, including the portion taken by participants, has ever been included in the general rescheduling of any country's foreign debt. Other factors contributing to the success of IFC's syndication program are the Corporation's favorable experience in the servicing of its own loan portfolio, the benefit to participants of IFC's project appraisal and loan supervision capabilities, and, in a growing number of industrialized countries, the preferential treatment given by bank regulators to participations in IFC loans, since IFC is the lender of record.

IFC also helps companies from developing countries gain access to the international capital markets. In the summer of 1990, IFC was co-lead manager of a public issue of American Depositary Receipts by the Compañía de Teléfonos de Chile S.A.; this was the first international equity offering by a Latin American company in over 25 years. In FY91 IFC structured, underwrote, and placed part of an issue of subordinated convertible bonds for an Indonesian industrial conglomerate, P.T. Astra. This issue, the first of its type in Indonesia, was placed primarily with international institutional investors. IFC's Board also approved IFC's involvement as co-lead manager in the securities issue of a Mexican company, Vitro, S.A. de C.V. IFC also helped structure and place an issue of subordinated convertible debentures by Apasco, S.A. de C.V., a Mexican cement company, and the first international securities issue by Grupo Condumex, S.A. de C.V., a Mexican producer of auto parts and electrical equipment. Over the past two years, IFC has developed effective placement capabilities with prominent international institutional investors.

IFC underwrote and placed part of the $72 million Mexican Equity and Income Fund, which will invest in convertible debt securities as well as equity securities. The Corporation also invested in, and helped place, two other new investment funds—Egyptian Tourism Investment Company, the first debt conversion fund in the Middle East; and the Commonwealth Equity Fund, a global fund that will invest in developing Commonwealth countries.

During the year IFC mobilized $75 million in medium-term foreign exchange lending through three Multi-Country Loan Facilities (MLF) established with Crédit Lyonnais and Banque Nationale de Paris of France, and Oesterreichische Laenderbank of Austria. These MLFs will be used for making loans to small and medium-size companies in fifteen countries—Chile, Czechoslovakia, Gabon, Guinea, Hungary, Indonesia, Madagascar, Mauritius, Morocco, the Philippines, Poland, Thailand, Togo, Tunisia, and Venezuela. Under an MLF arrangement, IFC and an international commercial bank agree to provide matching amounts of finance in foreign currency to projects in specified countries. The commercial bank, through its local branches and subsidiaries, is responsible for the identification and appraisal of projects, which must meet IFC's project criteria, and for loan supervision. Each loan granted under the MLF must be approved by IFC, which acts as lender of record for the full amount. The commercial bank's contribution takes the form of a 50 percent participation in IFC's loan. Six MLFs have been approved to date.

MOBILIZATION OF FINANCE

Mobilizing financing from other lenders and investors for sound private sector projects has become an increasingly important activity for IFC, given the reluctance of commercial banks to increase their exposure in highly indebted developing countries and the shortage of equity capital throughout the developing world. IFC estimates that the total capital costs of projects approved in FY91 will approach $10.7 billion. This means that for every dollar IFC lent, invested, or guaranteed for its own account, others provided about $6 in non-recourse loans or equity participations. Due to a few very large projects, this figure was higher than in FY90, when IFC mobilized $5 for every $1 it approved for projects. The average mobilization rate for the five-year period 1986–90 was $5. Mobilization activities are described in greater detail in the box on p. 16.

TECHNICAL ASSISTANCE AND ADVISORY SERVICES

In FY91 IFC provided substantial fee-based technical assistance in connection with project financing operations, described in detail in the *Regional Reports.*

During the year, IFC expanded its program of technical assistance in capital market development, partly in response to the special needs of new market economies in Central and Eastern Europe. In all, IFC undertook more than 55 technical assistance activities in 38 countries around the world, advising member governments on securities market development, bank privatizations, and new financial techniques such as venture capital, factoring, and leasing. It also conducted reviews of member countries' financial sectors in collaboration with the World Bank.

IFC also worked on 12 fee-based advisory assignments related to privatizations and corporate restructuring in Asia, Europe, Latin America, and North Africa. Specific assignments are described in greater detail in the *Regional Reports.*

Advice on foreign direct investment was provided in 26 countries in FY91 as described in the box on p. 21.

IFC established a new business advisory service for Polish entrepreneurs, and officially launched a similar facility to help entrepreneurs in the South Pacific Island countries. IFC also established a Technical Advisory Service, which provided advice on a number of industries, including cement, textiles, telecommunications, and fertilizers, to businesses and governments in Asia, Europe, and Latin America. These assignments are described in the *Regional Reports.* IFC provided about $2 million in cofinancing for 25 technical assistance activities, described in the box on p. 18.

TECHNICAL ASSISTANCE TRUST FUNDS

IFC finances activities such as pilot operations for new technologies, project identification and pre-feasibility studies, training, short-term management support, and sector studies, through the technical assistance trust funds it has established with the European Community and bilateral agencies in Canada, Finland, Italy, Japan, the Netherlands, Sweden, Switzerland, and the United States. During FY91, IFC and the Government of Norway set up a new trust fund. Two funds dedicated to technical assistance for projects in Central and Eastern Europe were established with the European Community and the Government of Switzerland. The trust funds, which total more than $10 million, enable IFC to promote new business ideas, develop innovative concepts and promising proposals into bankable projects, and rehabilitate troubled projects. In addition, IFC is the primary user of UNDP's $1 million Investment Feasibility Study Facility.

Since the first technical assistance trust funds were set up in 1988, IFC has provided over $5 million in co-financing for about 60 technical assistance activities. These activities have led to the financing of a number of projects by IFC, nine sector studies with important policy and promotional implications, the rehabilitation of projects in IFC's portfolio, and pilot operations in Africa, Asia, and Latin America. The 25 projects supported by the Trust Funds during FY91 are described below:

Nature of Activity	*Technical Assistance Projects*	*Country*
Feasibility Study	Alloy steel foundry	Indonesia
	Automotive assembly	Hungary
	Transshipment facility	Cape Verde
	Automotive components upgrading	India
	Private sector hospital	Chile
	Venture capital fund	Poland
	Ductile iron pipe manufacture	Malaysia
	Aluminum scrap recycling	India
Project Identification/ Linking of Partners	Textile machinery manufacture upgrading study	Czechoslovakia
	Coal mine pit head power plants	India
Pilot Operation	Malt production from locally grown barley	Nigeria
	High grade zinc from tailings	Bolivia
	Integrated fishery	Guinea-Bissau
Technical Assistance	Twinning operation for commercial banks	Poland
	Ceramic tiles production	Trinidad
	Pre-press modernization for publishing operation	Yugoslavia
	Environmental project	Thailand
	Float glass joint-venture project	Poland
Technology Transfer/ Promotional Initiative	Copper/zinc mining: environmental audit	Turkey
	Cellular telecommunications	Mexico
	Compressed natural gas as fuel for vehicles	India
	Cellular telecommunications	Venezuela
Project Rehabilitation	Integrated textile mill: modernization/rehabilitation	Turkey
Sector Study	Environmental goods and services in nine countries	Global
	Fresh and processed fruits and vegetables for export	India

MANAGEMENT AND ORGANIZATION

MANAGEMENT

IFC's programs and activities are guided by its 142 member countries through its Board of Governors and Board of Directors. Each country appoints a Governor, generally the Minister of Finance or equivalent position, and an Alternate. IFC's corporate powers are vested in its Board of Governors, which delegates most of these powers to the Board of Directors, composed of the World Bank's Executive Directors. The 22 Directors, who approve IFC's project financing operations, meet at World Bank Group headquarters in Washington, D.C. The President of the World Bank Group is President of IFC; IFC's Executive Vice President is responsible for overall management and day-to-day decision-making.

ORGANIZATION

IFC is headquartered in Washington, D.C. and has offices in London, Paris, and Tokyo, as well as Regional and Resident Missions in 17 developing countries.

IFC's operations require in-depth country knowledge and specialized technical and financial expertise. This is reflected in IFC's organizational structure. The bulk of IFC's project financing operations are handled by investment departments with a regional focus, while other departments focus on specific types of activities, such as capital market development. IFC has set up a number of facilities that provide advisory services and technical assistance to small businesses. Other IFC departments are responsible for the support and evaluation of its operations, the development of new financial techniques, and financial planning.

Regional Investment Departments

IFC's eight regional Investment Departments handle most of the Corporation's project financing operations. Staffed by 172 experts in business, finance, and economics, the regional investment departments identify, ap-

Standing (left to right): Wilfried E. Kaffenberger, Vice President, Portfolio and Advisory Operations; Guy Pfeffermann, Director, Economics Department and Chief Economic Adviser; José E. Camacho, Vice President and General Counsel; Richard H. Frank, Vice President, Finance and Planning. Seated: Judhvir Parmar, Vice President, Investment Operations; Sir William Ryrie, Executive Vice-President (Not shown: Makarand V. Debejia, Vice President, Engineering)

praise, and supervise projects financed by IFC and provide both stand-alone and project-related fee-based advisory services. Early in FY91, IFC reorganized its Investment Department for Europe and the Middle East to focus exclusively on Europe, where its membership and the demand for its services has increased dramatically. At the same time, IFC created a separate department for the Middle East and North Africa, where its membership has also grown. The other developing regions—sub-Saharan Africa, Asia, and Latin America and the Caribbean—are covered by two investment departments each.

Capital Markets Department

Through its Capital Markets Department, IFC helps developing member countries build their financial sectors and mobilizes debt and equity financing for private companies. IFC's services include providing finance and technical assistance to financial institutions; advising governments on the fiscal, legal, and regulatory frameworks needed to encourage the development of a market-oriented financial sector; syndicating loans with commercial banks; sponsoring, underwriting, and placing investment funds and debt and securities issues; and helping companies in developing countries gain access to sophisticated financial instruments (such as currency and interest rate swaps) and fund mobilization techniques (such as asset securitization). Another important service is the introduction of international investors to emerging stock markets. Through its Emerging Markets Data Base (EMDB), which is commercially available to subscribers, IFC monitors 20 emerging markets and over 800 companies in the developing world. Price indexes based on the EMDB appear regularly in leading international financial periodicals, and IFC also produces an annual *Emerging Stock Markets Factbook*.

In response to the rapid growth of IFC's capital markets activities in recent years, several organizational changes took place during FY91. IFC created two new Associate Director positions, to which Michael Barth and Irving Kuczynski were appointed. Divisional responsibilities were reorganized within the Capital Markets Department, enabling IFC to develop a more focused strategy in Central and Eastern Europe and Africa. The Department expanded, adding a new division. To enhance IFC's resource mobilization capabilities, the International Securities Group and the Syndications Division were merged into a new Securities and Syndications Division. IFC also created a new position based in Prague—Capital Markets Regional Representative for Central and Eastern Europe—to handle increased demand for capital markets assistance in the region.

Corporate Finance Services Department

The Corporate Finance Services Department assists state enterprises and governments with privatization, and also assists private companies with corporate and financial restructuring. With respect to corporate and financial restructuring, the Department strives to enhance the long-term viability of client companies not only through reorganization or financial engineering, but also by helping companies improve production efficiency and broaden markets.

Assignments include the valuation of business entities, financial engineering, and the design and implementation of privatization strategies, such as public share offerings. The Department works closely with the Capital Markets Department and the regional Investment Departments and often joins forces with international and local investment banks and firms with legal, accounting, technical, and marketing expertise to ensure the successful conclusion of its assignments.

FOREIGN INVESTMENT ADVISORY SERVICE (FIAS)

FIAS, created by IFC in 1986 and now jointly operated by IFC and MIGA, advises governments on laws, policies, regulations, programs, and institutions that can help them attract foreign direct investment. Almost half of the 28 advisory assignments undertaken by the Foreign Investment Advisory Service (FIAS) in FY91 were diagnostic studies of the climate for foreign direct investment in countries requesting FIAS assistance. The remainder focused on specific investment policies and institutional development. FIAS also advised a number of governments on investment promotion strategies. FIAS has been particularly active in sub-Saharan Africa and Asia. Its activities in Europe, the Middle East, and North Africa expanded in FY91, and it undertook assignments in Latin America and the Caribbean for the first time.

During the year FIAS sponsored two UNDP-supported regional conferences on investment policy issues, one focusing on Central America and the Caribbean, the other on Asia. It also carried out three research projects. One was a study of different institutional arrangements developing countries may adopt to manage their relations with foreign investors. Another focused on programs in the OECD countries to encourage OECD companies to invest in developing countries. The third was an overview of foreign investment policy issues in the Pacific Island countries.

FIAS has been especially active in the poorer developing countries—half of the countries that have requested its advice are classified by the World Bank as low income, a third as lower-middle income countries. FIAS's operations are financed by IFC, MIGA, UNDP, and the FIAS Trust Fund, and fees charged to clients. Seven countries contribute to the FIAS Trust Fund: Finland, France, Japan, the Netherlands, Sweden, Switzerland, and the United Kingdom. In FY91 Japan, the Netherlands, Switzerland, and the United Kingdom made additional contributions; USAID provided funds to support FIAS's work in sub-Saharan Africa.

Small Business Facilities and Funds

In response to the special needs of smaller economies, IFC has set up advisory facilities for businessmen and women in Africa, the Caribbean and Central America, the South Pacific Island countries, and Poland. Entrepreneurs wishing to expand their businesses or start new ones receive assistance in preparing project proposals, identifying business partners, and raising financing. The newest of the facilities, the Polish Business Advisory Service (PBAS), which is based in Warsaw, was established in FY91 with Charles van der Mandele as General Manager. The South Pacific Project Facility, approved by IFC's Board in FY90, was launched in FY91; Amitava Banerjee was named Regional Manager. The Africa Project Development Facility was established in 1985, and the Business Advisory Service for the Caribbean and Central America began operations in 1981.

To finance small projects in sub-Saharan Africa in a cost-effective manner, IFC established the Africa Enterprise Fund (AEF) in FY89.

Energy Unit

IFC's energy program originated in the Five-Year Plan approved by the Board in 1984. The program's primary objective is to contribute to the energy supply of developing countries by encouraging private sector oil companies to expand their activities in these countries.

Operational Support

IFC's Economics, Engineering, and Legal Departments are directly involved in IFC's financing and advisory operations. The Economics Department reviews investment proposals, prepares country risk assessments and studies of particular industries in support of IFC operations, and performs the Corporation's economic intelligence functions. The Department also publishes papers on a variety of subjects—for example, *Trends in Private Investment in Developing Countries, Privatizing Telecommunications Systems: Business Opportunities in Developing Countries,* and *African Entrepreneurs: Pioneers of Development.* The Economics Department includes IFC's Operations Evaluation Unit, which carries out analyses of past IFC investments. The Director of the Economics Department co-manages the Foreign Investment Advisory Service.

IFC's Engineering Department has a staff of 36 highly qualified engineers, each with considerable experience in private industry or in management consulting. The expertise of IFC's engineers spans a wide variety of industries, enabling IFC to provide technical assistance and advice in the course of appraising and supervising projects.

Demand for the services provided by IFC's engineers has been heavy, prompting IFC to establish in FY91 a new Technical Advisory group within the Engineering Department. The group will provide fee-based advice to companies and governments on a variety of subjects, including technical restructuring, market studies, feasibility studies, and strategic planning. Since 1988, IFC has also set up, in collaboration with the governments of several industrialized countries, 12 trust funds to finance project-related technical assistance.

IFC's Environmental Unit (described in the box on p. 23), also part of the Engineering Department, is responsible for developing IFC's environmental policies, programs, and procedures.

IFC's 32 lawyers provide wide-ranging legal advice in connection with IFC's activities, assist in negotiating investment contracts, draft investment agreements, and also prepare documentation for IFC's project finance, securities, and syndications activities.

IFC's portfolio is closely monitored by the Portfolio Operations Support Unit, which seeks to identify problems in the portfolio as early as possible. The Special Operations Unit is responsible for formulating solutions and has expertise in asset valuation and workouts.

Finance and Planning Departments

IFC offers its clients a full array of financial services, including access to hedging instruments normally unavailable to companies in developing countries. IFC's Treasury and Financial Policy Department is responsible for developing new financial instruments for clients, as well as for managing IFC's borrowings in the international markets, establishing liquidity policies, and designing asset and liability management techniques. The Controller's and Business Planning Department is responsible for formulating and monitoring the Corporation's three-year plans and annual budgets. It reports quarterly on the Corporation's financial and operating performance, prepares its financial statements, and handles information technology in IFC.

During the fiscal year, Robert Graffam, formerly Deputy Director of the Capital Markets Department, was named Director of the Treasury and Financial Policy Department. He succeeded René Karsenti, who left IFC to accept a position as Treasurer of the European Bank for Reconstruction and Development.

IFC AND THE ENVIRONMENT

In FY91 IFC created an Environmental Unit, which is staffed by two environmental specialists. These specialists are supported by staff in the Engineering Department's other divisions as well as by outside consultants.

All projects with a potential impact on the environment are reviewed by the Unit during the appraisal process and are monitored after implementation to ensure conformity with World Bank and international guidelines and host-country regulations. The Unit also promotes private investment in environmental industries in developing countries and serves as IFC's representative on environmental matters.

In FY91 the Unit reviewed 132 projects. When reviewing projects, IFC assesses not only their potential impact on the environment, but also their effect on employees and the local population. It studies resettlement and other socioeconomic questions, carries out a major hazard analysis, and evaluates occupational health and safety issues and risks to life and property. IFC's review procedures are based on World Bank guidelines and policies, but are adapted to IFC's special concerns. IFC works with project sponsors to help them conform to host-country laws and its own guidelines; projects that do not conform are not eligible for financing.

Urbanization and rapid industrialization have resulted in severe environmental problems in many developing countries. In the industrialized countries, the private sector supplies many environmental goods and services; IFC is seeking ways to encourage greater private-sector involvement in environmental industries in developing countries. In FY91 the Environmental Unit commissioned studies on business opportunities and markets for environmental goods and services, primarily in connection with waste management and pollution control, in nine developing countries. Two hundred potential projects were identified as a result of the studies, which were financed by IFC's Technical Assistance Trust Funds.

The Environmental Unit represents IFC within the Global Environment Facility and on the Trade and Environment Committee of the National Advisory Council for Environmental Policy and Technology, which reports to the Administrator of the U.S. Environmental Protection Agency. The Unit will also represent IFC at the United Nations Conference on Environment and Development in 1992. In FY91 Unit staff worked with the Business Council for Sustainable Development on preparations for the Conference.

During FY91, the Environmental Unit provided advisory services on environmental issues. It helped the Government of Poland set up an environmental fund in preparation for a debt-for-environment swap and assisted municipal authorities in several countries with the privatization and financing of wastewater treatment systems. It also advised private companies undertaking projects in developing countries on preparation of environmental assessments and on an array of technical issues.

Personnel and Administration

In FY91 John H. Stewart was named Director of IFC's expanded Personnel and Administration Department. This Department deals with personnel matters affecting IFC's staff, who come from 84 countries, of which 65 are classified as developing. At June 30, 1991, there were 656 regular staff on IFC's payroll, compared with 595 on June 30, 1990. A total of 858 staff were employed by IFC at the end of the fiscal year, including long-term consultants and temporary staff; staff in IFC's overseas missions, who are generally nationals of the host countries; and other specialized staff. More than 39 percent of IFC's managers, and 44 percent of higher-level staff, are from developing countries. Women currently occupy 98, or 19 percent, of the higher-level staff positions.

IFC seeks highly skilled, internationally diverse staff with broad-based experience, primarily in the private sector. To keep pace with the growth of IFC's operations, the Personnel and Administration Department conducts campaigns worldwide to identify and recruit experienced professionals in a range of disciplines, including finance, economics, law, and engineering. In recent years IFC has expanded its recruiting program in the leading business schools, seeking candidates about to graduate who have relevant business experience and exceptional potential.

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SUB-SAHARAN AFRICA

Investment Climate

Economic conditions in Africa remain difficult. The 1990 GDP growth rate for the region is estimated at 1.5 percent—a decline in per capita GDP. Increasing internal and external debt burdens, deterioration in the terms of trade, fiscal and monetary measures that are insufficient to reduce widening public deficits, agricultural stagnation, and inappropriate industrial and other policies have contributed to overall economic decline. These factors in many countries have significantly reduced real purchasing power, with an adverse impact on a number of industries.

The outlook for sub-Saharan Africa in the next year or two is continued negative per capita income growth, with low levels of investment activity. Although many countries are implementing economic reforms, curtailing the role of government, and liberalizing their economies to encourage private sector activity, it will be some time before the private sector responds. Businesses tend to postpone new investment until economic reforms are completed. Overcoming years of government controls, protection, and public ownership will be a slow process.

However, the climate for private investment in some countries in Eastern and Southern Africa is slowly improving as adjustment programs stabilize. This improvement is already noticeable in specific sectors. For example, in Madagascar there is increasing private sector activity in garment manufacturing and in hotel construction, while in Tanzania, substantial new investment is being proposed in the tourism sector. As the business community becomes more confident, investment should increase in other sectors as well.

There are also signs of change in a few countries in Western Africa. In Ghana and Benin, private sector activity is growing in consumer industries, such as food processing, packaging, and toiletries. Countries such as Côte d'Ivoire, Gabon, Mali, and Senegal also appear to be moving towards economic liberalization.

IFC's Role and Strategy

In sub-Saharan Africa, IFC's strategy is to support the "supply response" to structural adjustment programs. As economic reforms begin to stimulate private sector activity in Eastern and Southern Africa, IFC is expanding its project financing program there. The short-term prospects for private sector activity in Western and Central Africa are less favorable, except perhaps in Ghana. However, the scope for IFC activity in countries liberalizing their economies should increase as they seek help with private sector development and the restructuring and privatization of state enterprises. To handle expanded activities in sub-Saharan Africa, IFC opened Regional Missions in Douala, Cameroon and Harare, Zimbabwe in FY91. It also has Regional Missions in Abidjan, Côte d'Ivoire and Nairobi, Kenya, as well as a Resident Mission in Lagos, Nigeria. The Central African Republic and Namibia joined IFC in FY91.

The larger projects backed by IFC in sub-Saharan Africa tend to be concentrated in natural-resource based industries. Although large industrial projects are rare in sub-Saharan Africa, there are many small-scale entrepreneurs. A number of IFC's recent initiatives have been designed to help these entrepreneurs with financing and technical assistance.

Amboseli Serena Lodge is one of many tourism projects in Africa financed by IFC.

IFC finances small enterprises directly through its Africa Enterprise Fund (AEF), which was launched in FY89. AEF provides financing of $100,000–$750,000 for projects costing between $250,000 and $5 million. AEF's loans and investments are processed in Africa, under the supervision of IFC's Regional and Resident Representatives. Projects financed by AEF in FY91 are described on pp. 32–33. In addition, financial intermediaries throughout the region have received credit and agency lines from IFC for onlending to small and medium-size enterprises.

The Africa Project Development Facility (APDF), which provides technical assistance to entrepreneurs in sub-Saharan Africa, was established by IFC, UNDP, and the African Development Bank (AfDB) in FY86. Its activities in 1990 are described on p. 28.

To alleviate the shortage of well-trained and experienced managers in sub-Saharan Africa, IFC launched the African Management Services Company (AMSCo) in FY89, in collaboration with UNDP and AfDB. AMSCo's activities are described on p. 31.

To help African countries develop their financial sectors, IFC has increased its institution-building activities in the region. In Kenya, for example, IFC's capital markets strategy involves promoting financial institutions such as investment banks, discount houses, and insurance companies.

Project Financing and Resource Mobilization

In FY91, IFC approved 42 projects (including AEF projects) in 17 countries in sub-Saharan Africa, compared with 32 projects in 12 countries in FY90. At June 30, 1991, the Corporation's committed portfolio included loans and investments for 133 companies in 31 countries in the region, compared with 115 companies in 32 countries at June 30, 1990.

	FY91	FY90
	(US$ millions)	
Financing for IFC's account	$ 194	$164
Loans and guarantees	170	146
Equity and quasi-equity	24	18
Direct mobilization: loan syndications	125	101
Indirect mobilization	1,232	142
Committed portfolio	695	604
Loans and guarantees	622	534
Equity and quasi-equity	73	70

Large and medium-size enterprises

The larger projects backed by IFC in sub-Saharan Africa in FY91, as in FY90, were concentrated in natural-resource based industries and tourism. IFC approved additional financing for two gold mining projects in Ghana that have received IFC financing in previous fiscal years. IFC approved a loan of $8.4 million, a quasi-equity investment of $8.5 million, a standby loan of $1.1 million, and a loan syndication of $30 million to help finance implementation of the Iduapriem Gold project, whose capital costs are estimated at $55 million. IFC increased its equity stake in Canadian Bogosu Resources Ltd. by buying the shares of one of the foreign shareholders, which was experiencing financial difficulties.

Also in Ghana, IFC approved a $600,000 equity investment in Ghana Aluminium Products, which is undertaking an expansion and diversification program. In Gabon, IFC approved a new loan for a manganese mining operation, Compagnie Minière de l'Ogooué (COMILOG), which received its first loan from IFC in FY89. COMILOG is constructing a pre-homogenization plant to reduce mining costs and improve ore homogeneity.

AFRICA PROJECT DEVELOPMENT FACILITY (APDF)

APDF identifies promising African entrepreneurs wishing to expand, modernize, or diversify their businesses, or start new businesses. It also helps them prepare proposals, find local and foreign partners, and raise debt and equity financing. Although APDF does not finance projects itself, it provides partial funding for market, technical, and other feasibility studies. Funding for APDF's operations is provided by IFC, UNDP, AfDB, and 15 industrialized countries. In addition, India has offered to provide technical experts for short-term use by APDF. Demand for APDF's services has been strong—over the past four years, APDF's field offices in Abidjan and Nairobi have received more than 1,700 project proposals. The mandate for the first phase of APDF's operations expired in June 1990. In February 1990, APDF's donors approved a five-year extension of APDF's mandate through 1995, as well as the expansion of APDF's operations. APDF opened a new office in Harare, Zimbabwe in November 1990. Its other offices are located in Abidjan, Côte d'Ivoire and Nairobi, Kenya.

In its fiscal year 1990, ending on December 31, 1990, APDF provided advisory services to 26 projects with total costs of $53.5 million, and helped the projects' sponsors obtain financing. Nine of the projects were promoted or managed by women, reflecting the success of APDF's intensified efforts last year to help African businesswomen. The 26 projects are located in 15 countries and will help create about 2,300 jobs, at a relatively low cost per job. Since it was founded, APDF has assisted a total of 78 projects, which are expected to result in the creation of 6,700 new jobs. The total cost of these projects comes to $156 million.

Examples of Projects

The Gambia

Makumbaya Flower Farms Ltd. will develop, at a cost of $2.6 million, 15 hectares of farmland over a three-year period for the production of chrysanthemums. APDF helped the sponsors formulate the project, identify a technical sponsor in the United Kingdom, and obtain funding from the United Kingdom's Commonwealth Development Corporation and IFC's Africa Enterprise Fund.

Madagascar

APDF helped **Elvak,** a Malagasy cheese producer, to launch a $1.6 million program to increase production. The project will also receive technical assistance from Madagascar's largest dairy.

Mauritania

The sponsor of this project decided to expand her restaurant business and construct a $1.8 million 34-room hotel, the **Hotel Halima,** in downtown Nouakchott. APDF helped her develop the project and negotiate loan funding from BMCI, a local bank, and Caisse Centrale de Coopération Economique of France.

Uganda

APDF and USAID are both assisting **Uvan Ltd.,** a pilot project organizing the production and marketing of vanilla in Uganda. Despite ideal climatic conditions for growing vanilla, Uganda's vanilla production had virtually been abandoned because of civil unrest. The vanilla crop could develop into a substantial source of foreign exchange earnings for a large number of Ugandan smallholders.

The Nigerian National Petroleum Corporation (NNPC) and Mobil Producing Nigeria (MPN) are jointly developing the Oso condensate field in Nigeria at an estimated total cost of $885 million. Recoverable reserves over the project's life, expected to be 21 years, are conservatively estimated at 330 million barrels. IFC and the World Bank are both providing financing for this project and are also mobilizing substantial cofinancing from export credit agencies, commercial banks, and development banks. The World Bank approved a loan of $218 million to NNPC, and IFC approved a loan of $170 million to MPN, of which $75 million will be for its own account, and $95 million syndicated among 12 commercial banks.

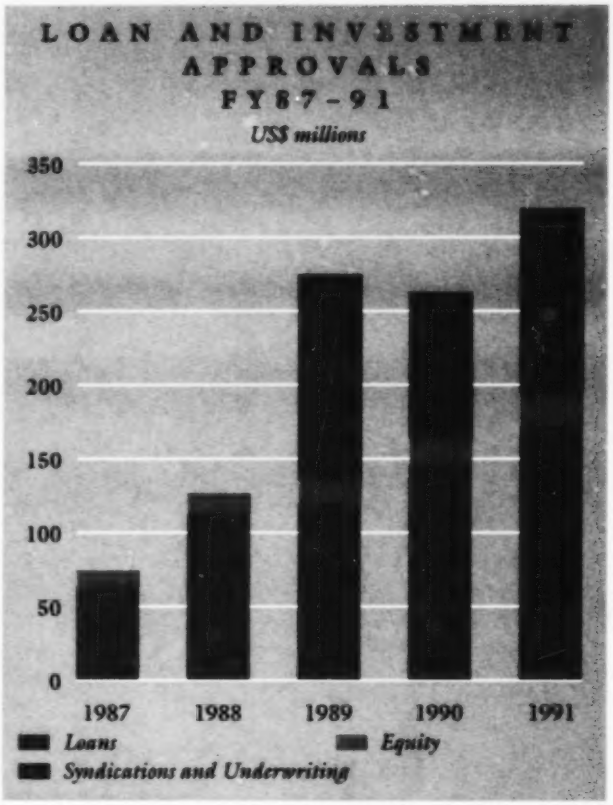
IFC continued to support the tourism industry in sub-Saharan Africa, approving financing for six projects. The Corporation approved a loan of $4.2 million to help finance the $17 million construction of the new 104-room four-star Labadi Beach Hotel in Accra, Ghana by Hotel Investments (Ghana) Ltd. In Zaire, IFC's Board approved a $5 million loan to help finance the $16 million rehabilitation of the Intercontinental Hotel in Kinshasa.

In Tanzania, IFC approved a $1.2 million loan to Tourism Promotion Services, which is converting two buildings in Zanzibar's Historical Stone Town into a 52-room hotel. IFC also approved loans to help finance the renovation of the Cardosa Hotel Limitada in Mozambique, and the construction of a new hotel in Harare, Zimbabwe that will primarily serve the local business community. Finally, IFC approved an AEF project involving the establishment of a company in Mauritius chartering boats for sport fishing.

During the year, IFC approved financing for a telecommunications project in Zaire. Telecel, a cellular telephone company that presently serves nearly 2,000 subscribers, is embarking on a $19 million expansion program. IFC has approved a loan of $6 million for the project, which is expected to increase the company's capacity to 9,000 subscribers in six cities.

Capital markets projects

In FY91 IFC approved financing for eight financial institutions in the region, including Botswana's first housing finance company, an investment bank and a discount house in Ghana, and a venture capital company in Zimbabwe. It also approved an equity investment in Madagascar's biggest commercial bank, which is being privatized. In addition, the Africa Enterprise Fund participated in the capital increases of Bank of Africa, Benin and Bank of Africa, Mali, and approved a second investment in a venture capital company in Madagascar.



Also in the financial sector, IFC extended a $10 million credit line to Nigerian American Merchant Bank Limited for onlending to medium-size Nigerian enterprises to finance fixed assets and working capital. Through Multi-Country Loan Facilities established with Crédit Lyonnais and Banque Nationale de Paris of France, IFC will make medium-term loans in hard currency available to small and medium-size enterprises in Gabon, Guinea, Madagascar, Mauritius, and Togo.

IFC approved a $5 million equity investment in the Commonwealth Equity Fund Limited, a 10-year closed-end investment fund that will invest nearly $60 million in the smaller emerging markets of developing Commonwealth countries. In Africa, the fund will invest in Botswana, Ghana, Kenya, Mauritius, Nigeria, and Zimbabwe.

APDF advised Dam Pineapples in Côte d'Ivoire on doubling the size of its plantation and helped the company raise financing for the expansion.

The Africa Enterprise Fund

In FY91, IFC approved total financing of $11 million —$9 million in loans and $2 million in equity and quasi-equity investments—for 20 AEF projects in 11 countries. This brings total financing approved since AEF was founded to $18 million for 34 projects located in 14 countries.

The projects financed by AEF during the fiscal year span a range of sectors and sub-sectors, including agro-industry and food processing (edible oils, fish and shrimp products, decorative plants); tourism (hotels); manufacturing (wood products, steel products, textiles, machine belts, soap, pharmaceuticals); health services; and capital markets. Most of the companies AEF finances are either fully, or at least majority, owned by local shareholders, in line with AEF's basic objective of promoting indigenous enterprises. The majority produce goods for export and generate foreign exchange; several produce import substitutes.

Advisory Services and Technical Assistance

As governments in a number of countries liberalize their economies, demand from both governments and private businesses for IFC advice and technical assistance is growing rapidly. IFC advises governments on building capital markets, privatizing state enterprises, and attracting foreign investment. It also helps entrepreneurs prepare sound business proposals, obtain financing, and improve company management.

In FY91 IFC's **Capital Markets Department** provided technical assistance, in collaboration with the World Bank, to several governments in sub-Saharan Africa on various aspects of capital market development. For example, in Kenya IFC participated in a financial sector review led by the IMF and provided detailed comments on a securities markets law. In Ghana, IFC has provided technical assistance on legislative and regulatory frameworks for a new stock market. In Madagascar, IFC has worked with the World Bank to provide advice to the Central Bank in the area of leasing legislation.

AFRICAN MANAGEMENT SERVICES COMPANY (AMSCo)

AMSCo's ultimate objective is to help create a pool of well-qualified African managers. It arranges for managers from private companies in industrialized countries, typically the companies holding shares in AMSCo, to be seconded to African companies for fixed terms. In addition, AMSCo provides management training for African executives, who are expected to succeed the seconded managers. AMSCo is incorporated in the Netherlands as a Dutch company. About 70 percent of its shares are held by IFC, AfDB, and bilateral agencies from seven industrialized countries. The remainder of AMSCo's shares are held by more than 55 international private companies from 20 industrialized and developing countries.

In 1990 AMSCo recruited its two operations directors and training manager. To make the company better known, AMSCo's staff travelled extensively throughout Africa, making presentations to business groups, banks, and government agencies. AMSCo entered into three management contracts and expects to sign 13 more contracts in 1991.

AMSCo Contracts

Burkina Faso
AMSCo entered into a management arrangement to run the country's only manufacturer of bicycle tires and tubes. Substantial cost savings will be needed to allow the company to return to profitability. AMSCo will put the necessary management in place to accomplish these goals. At the same time, AMSCo has developed a management training program to upgrade the level of local management skills.

Malawi
AMSCo assumed management of three state-owned flour mills, which are to be privatized at a later date. As a result of AMSCo's intervention, the flour mill margins have improved, and cash flow has substantially increased. Privatization of these mills is currently under discussion with interested investors.

Tanzania
AMSCo is managing a state-owned sugar mill which the Government of Tanzania wishes to privatize. A group of private investors have indicated their interest in acquiring the mill, if it proves to be viable, and undertaking a major expansion. Since AMSCo assumed management, mill production has increased substantially and a decision on the expansion is being considered by investors and financial institutions.

Government officials in Côte d'Ivoire have held preliminary discussions with staff from IFC's **Corporate Finance Services Department** on the possibility of IFC's playing an advisory role in the privatization of a government-owned telecommunications company. IFC has also visited Nigeria, in connection with that country's privatization program, and carried out reviews of the public sector cement industries in Benin and Togo.

During the year the **Investment Department** covering Nigeria started working on a project appraisal for Nigeria's first liquefied natural gas project.

Nearly half of the governments that have requested advice from the **Foreign Investment Advisory Service (FIAS)** on attracting foreign direct investment (FDI) are in sub-Saharan Africa. During FY91 FIAS's program in the region continued to expand.

FIAS advised the governments of three countries —Kenya, Lesotho, and Madagascar—on strategies to promote FDI. In Kenya, FIAS conducted a workshop on investment promotion and related strategy formulation. The purpose of the workshop was to help staff of Kenya's Investment Promotion Center and other government officials dealing with foreign and local private investors develop their own investment promotion strategy. In Lesotho, FIAS assisted in the development of a foreign investment promotion strategy and made recommendations for setting up institutions to implement the strategy. In Madagascar, FIAS assisted in the development of a strategic plan for investment promotion.

FIAS helped the Government of Mozambique develop a plan for encouraging FDI through debt-equity swaps. It also helped the Governments of Malawi and Guinea-Bissau develop new investment policy statements, following the identification of regulatory obstacles to FDI in these countries. In Burkina Faso and the Congo, FIAS carried out diagnostic reviews of the investment climate, focusing on the legal and regulatory framework.

FIAS is involved, on an ongoing basis, in the preparation of films and related educational materials based on its Conference on Promotion of Foreign Investment in Sub-Saharan Africa, which was held in September 1989.

APPROVALS IN SUB-SAHARAN AFRICA

(US$ millions as of June 30, 1991)

Projects approved in fiscal year 1991		*Financing Approved*	*Project Cost*
Benin			
Bank of Africa Benin (BOAB),# Benin's leading commercial bank, plans to increase its capital base by $1.7 million. AEF will subscribe 5 percent of BOAB's equity.	Loan	–	
	Equity	0.1	
	Quasi-equity	–	
	Syndications	–	
	Total	0.1	0.9
Société Béninoise de Pêche (SOBEP),# a new company, will process fish and shrimp for export to the EC. SOBEP received technical assistance from APDF.	Loan	0.2	
	Equity	0.1	
	Quasi-equity	–	
	Syndications	–	
	Total	0.3	0.9
Botswana			
Botswana Housing Finance Corporation will be the country's first private housing finance institution.	Loan	–	
	Equity	1.2	
	Quasi-equity	–	
	Syndications	–	
	Total	1.2	6.0
Soda Ash Botswana (Pty) Ltd. will construct a facility with the capacity to produce 300,000 tons of soda ash and process up to 650,000 tons of salt annually.	Loan	12.0	
	Equity	–	
	Quasi-equity	5.7	
	Syndications	–	
	Total	17.7	345.0
Cameroon			
IFC's loan will help *Fertilizers and Inputs for the Development of Agriculture (FERIDA)#* finance the expansion of its operations.	Loan	0.6	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	0.6	2.2
Cape Verde			
The privatization of a state company, EMPROFAC, will lead to the creation of *Industria Farmaceutica S.A.R.L.,#* which will produce generic drugs for the growing domestic and regional market.	Loan	0.7	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	0.7	2.9
Côte d'Ivoire			
Plantivoire S.A.,# a new company, will extract and export essential oil from bergamot, for use in perfumes and food flavorings.	Loan	1.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	1.0	4.7
Gabon			
*Compagnie Minière de l'Ogooué** will construct a pre-homogenization plant to reduce mining costs and increase the homogeneity of the manganese ore.	Loan	9.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	9.0	35.4
The Gambia			
Makumbaya Flower Farms Ltd.# will cultivate chrysanthemums for export to the United Kingdom. The company received technical assistance from APDF.	Loan	0.6	
	Equity	–	
	Quasi-equity	0.4	
	Syndications	–	
	Total	1.0	3.1
Ghana			
Appiah Menka Complex Limited (AMC),# a successful soap manufacturer, is undertaking an expansion and modernization program.	Loan	0.9	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	0.9	2.2
IFC bought the interests of a foreign shareholder in *Canadian Bogosu Resources Ltd.,** increasing its shareholding, which it plans to sell on the local stock market.	Loan	–	
	Equity	–	
	Quasi-equity	1.2	
	Syndications	–	
	Total	1.2	1.2
Continental Acceptances will use IFC's loan to finance the foreign-exchange requirements of companies in Ghana's financial sector.	Loan	3.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	3.0	20.0
Ghana Aluminium Products (Ghanal) will add facilities to produce aluminum products for the local construction industry.	Loan	–	
	Equity	0.6	
	Quasi-equity	–	
	Syndications	–	
	Total	0.6	1.5
IFC approved a loan to *Hotel Investments (Ghana) Ltd.* to construct a 104-room, four-star, hotel in Accra.	Loan	4.2	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	4.2	17.0
IFC has approved financing for the *Iduapriem Gold Project** for mine development and plant construction, and is arranging additional financing.	Loan	8.4	
	Equity	–	
	Quasi-equity	8.5	
	Syndications	30.0	
	Standby facility	1.1	
	Total	48.0	55.4
Packrite# is undertaking an expansion and modernization program. It will increase production of corrugated cardboard products to meet growing local demand.	Loan	0.6	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	0.6	1.8
Securities Discount House will act as an intermediary between financial institutions, trading government securities, bills, and commercial paper.	Loan	–	
	Equity	0.2	
	Quasi-equity	–	
	Syndications	–	
	Total	0.2	1.7
Kenya			
IFC participated in a share rights issue by *Leather Industries of Kenya Limited.**	Loan	–	
	Equity	0.1 +	
	Quasi-equity	–	
	Syndications	–	
	Total	0.1	0.1
Malaa Industries Limited,# a new company, will grow roses under plastic, and delphinium in the fields, for export to the EC.	Loan	0.5	
	Equity	0.2	
	Quasi-equity	–	
	Syndications	–	
	Total	0.7	1.9
Madagascar			
IFC is taking an equity stake in *Bankin' Ny Indostria*, Madagascar's largest commercial bank, which is being privatized.	Loan	–	
	Equity	2.6	
	Quasi-equity	–	
	Syndications	–	
	Total	2.6	2.6
IFC will make a second investment in *Financière d'Investissement ARO (FIARO),#** a venture capital company established in 1988.	Loan	–	
	Equity	0.2	
	Quasi-equity	–	
	Syndications	–	
	Total	0.2	1.9
Mali			
AEF will participate in a capital increase for *Bank of Africa Mali (BOAM),#* one of Mali's leading privately owned banks.	Loan	–	
	Equity	0.1	
	Quasi-equity	–	
	Syndications	–	
	Total	0.1	0.7
Labo-Mali,# the first privately owned bio-medical laboratory in Bamako, will provide laboratory tests to meet growing domestic demand.	Loan	0.1	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	0.1	0.4

Projects approved in fiscal year 1991		Financing Approved	Project Cost
Mauritius			
Big Game Fishing Company Limited,# a new company, will operate a fleet of charter boats for sport fishing.	Loan	0.2	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	0.2	0.4
Consolidated Steel Limited# will produce high tensile steel reinforcing bars to supply the local housing and industrial sectors and replace imports.	Loan	0.5	
	Equity	0.2	
	Quasi-equity	–	
	Syndications	–	
	Total	0.7	2.4
Hillside Private Hospital and Diagnostic Center# is the first private hospital and clinic in Mauritius offering a wide range of medical services.	Loan	0.7	
	Equity	0.3	
	Quasi-equity	–	
	Syndications	–	
	Total	1.0	4.0
Mozambique			
The 112-room *Cardoso Hotel Limitada* is being refurbished and expanded. Eight new rooms will be added, and the hotel will be upgraded to four-star level.	Loan	2.1	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	2.1	10.7
Nigeria			
Afprint Nigeria PLC will continue its modernization program in cotton spinning, weaving, and finishing.	Loan	7.5	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	7.5	17.8
Agro-Technical Services Nigeria Ltd,# a new company, will manufacture semi-candied tropical fruit and nut mixtures for the European appetizer market.	Loan	1.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	1.0	5.7
Castor Nigeria Limited,# a new company, will extract and export oil from castor seeds.	Loan	0.4	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	0.4	1.2
A $10 million credit line extended to *Nigerian American Merchant Bank Limited* will be onlent to medium-size enterprises to finance fixed assets and working capital.	Loan	10.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	10.0	10.0
The *Nigerian National Petroleum Corporation* and *Mobil Producing Nigeria* are developing the Oso condensate field.	Loan	75.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	95.0	
	Total	170.0	885.0
IFC's loan will help finance the forward-integration of *Stark Industries Limited*# from saw-milling into processing wood components for export to Europe.	Loan	0.3	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	0.3	1.1
Vicoda Limited# which currently supplies sizing, chemicals, and spare parts to the Nigerian textile industry, plans to manufacture drive belts for spinning and weaving machines to replace imports.	Loan	0.1	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	0.1	0.3
Vincent Standard Steel Mills Limited# will expand its pipe manufacturing operations to include galvanizing and electroplating and manufacture specialized products.	Loan	0.8	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	0.8	2.0

Projects approved in fiscal year 1991		Financing Approved	Project Cost
Tanzania			
The *Mufindi Tea Company Limited* will rehabilitate two tea factories and four tea estates. The project will increase yields and provide additional housing for workers.	Loan	2.8	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	2.8	8.0
Tourism Promotion Services Zanzibar Limited will convert two buildings in Zanzibar's Historical Stone Town into a 52-room hotel.	Loan	1.2	
	Equity	0.2	
	Quasi-equity	0.1	
	Syndications	–	
	Total	1.5	5.4
Zaire			
IFC approved its second loan to *Grands Hôtels du Zaïre (GHZ)** to help finance the rehabilitation of the 20-year old wing of the Intercontinental Hotel in Kinshasa.	Loan	5.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	5.0	15.8
Zaire's telecommunications company, *Telecel*, will expand its cellular telephone services to serve 9,000 subscribers in six cities.	Loan	6.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	6.0	19.4
Zimbabwe			
IFC is helping to develop *Cresta Lodge*, a 173-room selected services hotel in Harare catering to local businessmen.	Loan	2.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	2.0	11.1
National Blankets Limited is modernizing and expanding its facilities to increase production of blankets by 30 percent, mostly for export to regional markets.	Loan	6.5	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	6.5	13.1
IFC approved an investment in the *Venture Capital Company of Zimbabwe, Ltd.*, which will finance small and medium-size enterprises.	Loan	–	
	Equity	1.6	
	Quasi-equity	–	
	Syndications	–	
	Total	1.6	16.8
Zimbabwe Spinners and Weavers Limited will modernize spinning, weaving, and finishing equipment and install a combed yarn production line.	Loan	5.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	5.0	11.9
World			
The 10-year, closed-end *Commonwealth Equity Fund* will invest in developing countries in the region.	Loan	–	
	Equity	7.5	
	Quasi-equity	–	
	Syndications	–	
	Total	7.5	57.0
Through a *Multi-Country Loan Facility*, IFC and Banque Nationale de Paris will provide foreign exchange loans to small and medium-size companies in Madagascar and Mauritius.	Loan	25.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	25.0	
	Total	50.0	50.0
Through a *Multi-Country Loan Facility*, IFC and Crédit Lyonnais will provide foreign exchange loans to small and medium-size companies in Gabon, Guinea, and Togo.	Loan	25.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	25.0	
	Total	50.0	50.0

* IFC has made one or more previous investments in, or loans to, this company.
# Africa Enterprise Fund project
+ As a rights issue below $250,000, this project is not included in the total number of projects approved in FY91.

ASIA

Investment Climate

Underpinned by continued growth in economic activity and exports, the investment climate in East Asia remained strongly positive during 1990. The Middle East crisis and the slowing of economic growth in North America appear to have had a relatively minor impact on most countries in East Asia—aggregate investment grew at a healthy rate of 7 percent for the region overall.

East Asia experienced an acceleration in export growth at a time when growth in world trade was slowing. Exports from the region increased by 8.3 percent in 1990 (up from the previous year's growth rate of 5 percent). Sales to Europe, to countries within the region, and to other developing countries accounted for much of this increase. Asian exporters are now reacting much more quickly to shifts in world demand. Industrial relocation from higher wage countries like Korea, Singapore, and to some extent Malaysia, to lower wage countries in the region is continuing. This is having a positive impact on investment activity in the region, as countries with higher wage rates begin to specialize in higher value-added manufacturing, while moving more of their labor-intensive industries offshore.

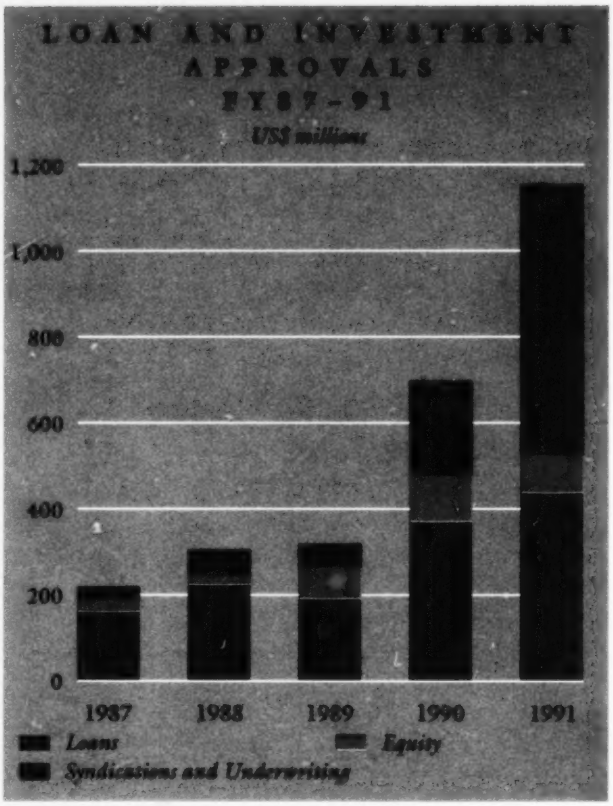
Indonesia, Malaysia, and Thailand, which continue to seek ways to increase private investment, all achieved strong growth in 1990. However, signs of severe infrastructure bottlenecks in Thailand may indicate a need for change in the composition of investment in the years ahead. The Philippines, which suffered badly from external shocks as well as from damage caused by an earthquake and severe typhoon in 1990 and a volcanic eruption in 1991, still managed to achieve GDP growth of just over 3 percent. Private investment, which slowed in the early part of the year, was boosted in the second half

IFC encourages foreign portfolio investment in stock markets in developing countries. Featured here is the Korean Stock Exchange.

by the stabilization of the oil market and the reactivation of the country's debt-equity swap program. China's private sector is still relatively small, with respect to the size of the Chinese economy. China is gradually taking steps to encourage foreign direct investment, and has reopened the Shanghai Stock Exchange.

In contrast to East Asia, the economic performance of South Asia continued to weaken during 1990–91. The main causes of this weakening were persistent fiscal and balance of payments deficits, rising inflation, and growing external debt service requirements. These problems were accentuated by the Gulf conflict, which exposed the vulnerability of the low-income, modest-growth South Asian economies to external shocks. The already fragile balance of payments positions of the region's economies were affected not only by higher oil and import prices, but also by lost export markets, higher interest rates, and losses in workers' remittances. Governments passed higher energy prices on to consumers, but, in some countries, delayed price increases spurred inflation and exacerbated the fiscal deficit. Political uncertainties in most of the countries in the region also affected economic performance.

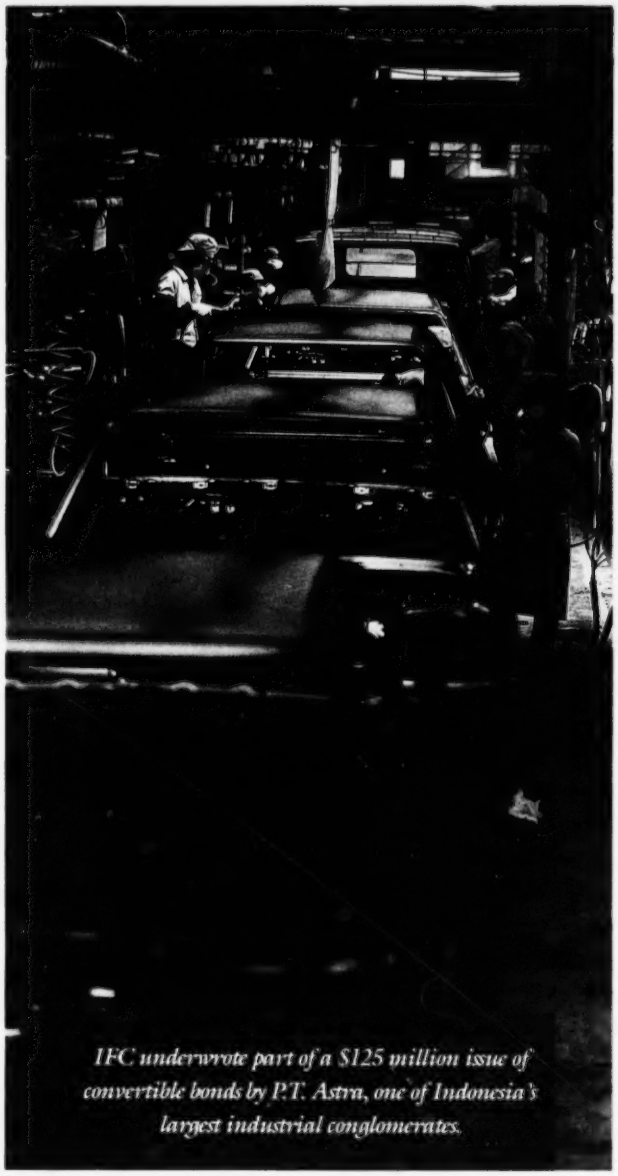
The impact of the Gulf crisis was particularly severe in India, where balance of payments and fiscal deficits, internal conflicts, and political uncertainty had already weakened the country's economic performance and its resistance to the vagaries of the external sector. A good summer monsoon, for the third successive year, contributed to India's ability to sustain a growth rate of about 4 percent. However, the growth in export volume fell below 10 percent for the first time in five years, and growth of non-oil imports increased. These developments resulted in sharply reduced access to external commercial borrowing, a slowdown in growth, higher inflation, and deterioration in the overall climate for private investment. Stabilization efforts have been initiated to reverse the balance of payments and fiscal deficits. However, comprehensive structural reforms will be necessary if India is to sustain higher overall growth, increase export growth, improve its creditworthiness, and develop a more open and competitive economy with greater private sector involvement.



Although Pakistan maintained economic growth of around 5 percent, the conflict in the Gulf and other factors, external as well as internal, led to some deterioration of its economic performance. Implementation of the Government's medium-term structural adjustment and reform programs has been slow and uneven. The new Government has taken welcome and bold steps to create a much more liberal policy environment and encourage private investment in the industrial sector. The climate for both domestic and foreign investment is expected to improve considerably in 1992.

The impact of the Gulf crisis on Bangladesh's balance of payments and fiscal situation was less than anticipated. The Government took prompt and decisive measures to mitigate the adverse effects of the crisis. Economic activity was depressed, but this was due in part to political uncertainties and natural disasters. Significant progress has been made on structural reforms in the financial sector and the rationalization of the tariff system and investment sanctioning procedures. The new Government is expected to emphasize prudent economic management and to open up the economy.

Swift action by its Government, together with higher levels of quick disbursing aid, helped Sri Lanka weather the difficulties caused by the Gulf conflict. Improved security, sound macroeconomic policies, and good weather are likely to result in a GDP growth rate of around 5 percent for the second successive year, following two years of relatively low growth. The climate for private investment continues to improve as the Government forcefully implements the shift towards market-driven economic growth. There are signs that the private sector is responding to changes in the investment climate.



IFC underwrote part of a $125 million issue of convertible bonds by P.T. Astra, one of Indonesia's largest industrial conglomerates.

IFC's Role and Strategy

IFC's strategy in Asia is adapted to the widely varying needs of individual countries. For example, in Indonesia IFC is concentrating on helping companies, with financing and advice, to improve their financial structure and gain access to the international capital markets. In countries such as the Philippines where private companies have difficulty sourcing long-term loans, IFC is complementing its own financing program by mobilizing commercial loans through innovative packages. In a more developed country like the Republic of Korea, IFC is helping companies relocate within the region to countries with lower labor costs. IFC expects that growth in offshore investments by Korean companies will accelerate in coming years and diversify to other regions such as Central and Eastern Europe, Latin America, and Africa. IFC has not yet undertaken any activities in Mongolia, which joined IFC late in the fiscal year.

In India and Pakistan, which are encouraging private investment in basic and infrastructure industries, IFC is financing large-scale projects and mobilizing additional financing from other lenders. IFC has financed a number of projects in the power and oil and gas industries, which the Governments are opening to private investment in response to growing demand for energy. IFC is also financing projects in industries in which the South Asian countries have comparative advantages—for example, engineering and general manufacturing.

The overall economic and policy aims of the region continue to be generally favorable to IFC's capital market operations. Financial sectors in Asia are being progressively liberalized—public sector involvement and administratively directed credits are giving way to reliance on market mechanisms and private participation in institutions engaged in mobilizing and allocating resources. IFC continues to support governments' efforts to create financial systems that are more market-oriented and to increase security market activity, through technical assistance and financing of institution-building projects.

The Corporation continues to make direct equity investments in India and Pakistan and to seek ways of increasing the availability of equity capital to private companies. In Pakistan, new projects are under consideration to promote the development of the local stock market, in which foreign investment can be made without restriction. They include a corporate stock-brokerage company and an international mutual fund that will invest in local stocks. In India, IFC is focusing on organizing investment funds to encourage local and foreign portfolio investment in corporate entities. Two new country funds are being prepared, pending improved market conditions. In other South Asian countries, IFC will continue to offer technical assistance related to financial regulations.

IFC's capital markets strategy in the Philippines and Malaysia is to concentrate on the establishment of new financial entities, the provision of technical assistance to financial authorities, the structuring and placement of international securities issues, and the marketing of asset-liability management tools such as swaps. IFC is encouraging Philippine commercial banks, which tend to favor short-term lending, to make longer-term loans in local currency. IFC will accomplish this by sharing credit risks with the banks through guarantee line arrangements. IFC is currently providing guarantee facilities to financial institutions in Malaysia.

In Korea, IFC expects to continue to help Korean companies access international capital markets and is actively exploring opportunities in the Korean venture capital sector. In Indonesia, IFC has discussed with government officials the regulatory framework for establishing collective investment vehicles and expects to promote such vehicles when the framework is in place.

The small economies of the South Pacific Island countries present special difficulties for private enterprises. Late in the fiscal year, IFC launched the South Pacific Project Facility (SPPF) for a five-year trial period to help entrepreneurs in the South Pacific prepare viable projects and raise financing (see p. 41). The average size of projects assisted by SPPF is expected to be under $1 million. IFC manages the Facility and provides partial funding for its operations. Other funding is provided by Australia, Canada, Japan, and New Zealand.

Project Financing and Resource Mobilization

In FY91, IFC approved 39 projects in 9 countries in Asia, compared with 35 projects in 8 countries in FY90. At June 30, 1991, the Corporation's committed portfolio included loans and investments for 132 companies in 12 countries in the region, compared with 113 companies in 12 countries at June 30, 1990.

	FY91	FY90
	(US$ millions)	
Financing for IFC's account	$ 534	$ 481
Loans and guarantees	439	372
Equity and quasi-equity	95	109
Direct mobilization	644	217
Loan syndications	634	188
Underwriting	10	29
Indirect mobilization	3,540	2,884
Committed portfolio	1,306	921
Loans and guarantees	1,001	701
Equity and quasi-equity	305	220

Large and medium-size enterprises

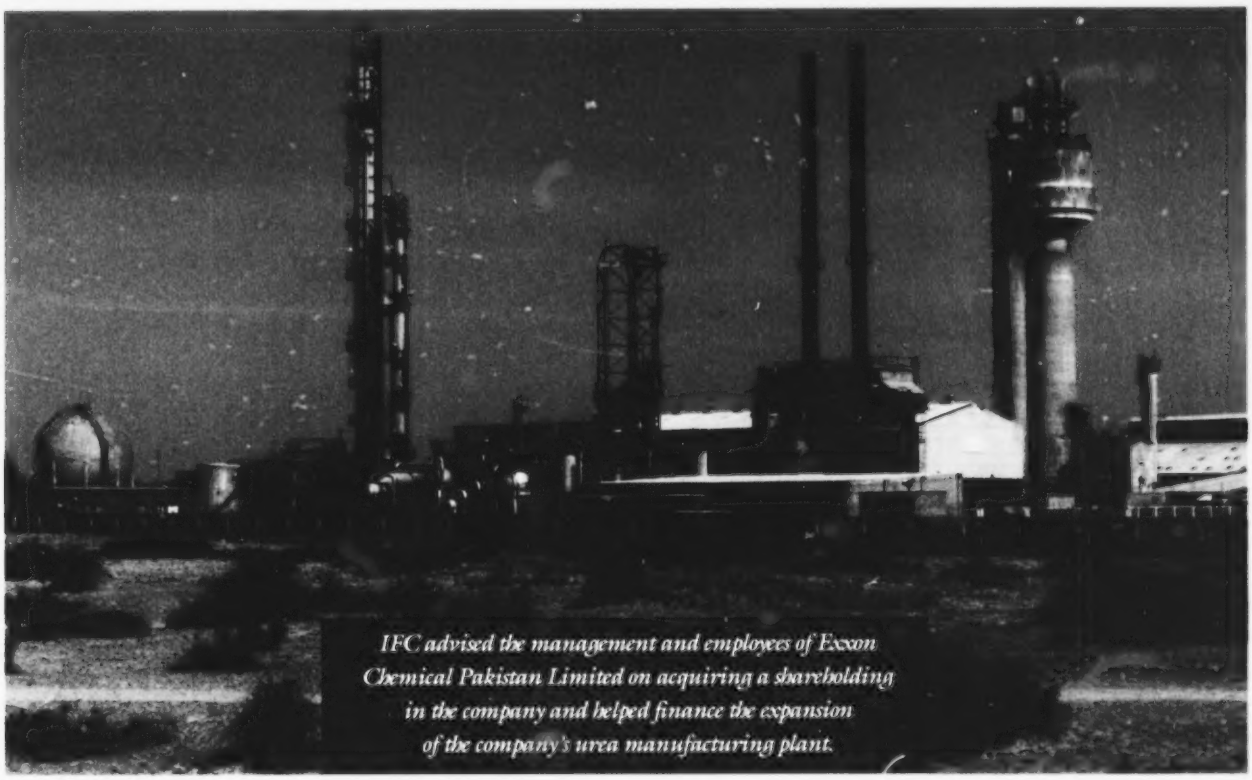
In Indonesia, IFC approved a loan of $30 million, an equity investment of $13 million, and a syndicated loan of $53 million, to help finance the expansion of P.T. Argo Pantes' cotton yarn mills. IFC also helped the family-held company list its shares on the domestic stock exchange. IFC approved financing for P.T. Rimba Partikel, a company that will produce high value-added wood products using waste by-products from Indonesian plywood mills. IFC also approved $340 million in financing for its own account and syndicated loans for P.T. Petrochemical Industries of Indonesia, Indonesia's first integrated petrochemical complex. Financing arrangements agreed with IFC for the $1.7 billion project will result in a mobilization ratio of about 18:1.

In the Philippines, IFC helped structure a $130 million package comprising an IFC loan of $35 million, IFC equity of $15 million, and syndicated loans of $80 million for Philnico Mining and Industrial Corporation and Nonoc Mining and Industrial Corporation. The package will help finance the privatization and rehabilitation of the mothballed Nonoc nickel refinery, a non-performing government asset that has the potential to be one of the Philippines' largest foreign exchange earners. Also in the Philippines, IFC approved financing for a new resort, Mactan Shangri-La Hotel in Cebu; an export-oriented project for Best Chemicals and Plastics, a Philippine-Korean joint venture that produces plastic packaging material; and an export-oriented project for Automated Microelectronics Inc. IFC also participated in a rights issue in Pure Foods Corporation that will help finance the expansion of the company's food processing facilities in response to growing local demand.

In Thailand, IFC approved a $150 million loan to help finance Siam City Cement Company's $513 million expansion program. Siam City Cement is doubling its capacity to meet demand from the rapidly growing housing and infrastructure sectors. Of the total loan amount, $120 million will be syndicated through participations in a floating rate note issue. This innovative structure was designed to attract a wide range of financial institutions, particularly smaller commercial banks.

In India, IFC approved a loan of $68 million (including $18 million for the account of participating commercial banks) to Bombay Suburban Electric Supply Ltd. (BSES), which is setting up a 500-megawatt thermal power plant, transmission lines, and a receiving station. The project will permit BSES to increase its generation, transmission, and distribution capacity to satisfy growing demand in the Bombay area. The World Bank has approved a loan to BSES of $200 million. IFC worked very closely with BSES on a detailed environmental assessment as a result of which BSES is installing extensive air and water pollution control systems, developing a greenbelt around the plant site, and providing training and employment opportunities to the local population. BSES will carefully monitor the construction and operation of the plant to ensure compliance with the environmental requirements of the World Bank and the Indian authorities as well as with internationally accepted guidelines.

IFC also approved a loan of $15 million and an equity investment of $1.7 million to help finance the expansion of Varun Shipping Company Limited's merchant fleet. IFC acquired a 25 percent interest in Block KG-OS-IV Petroleum Exploration Project in east India. The project operator, International Petroleum Corporation, a small Swiss-based independent company, began drilling in July 1991. IFC also approved an equity investment of up to $550,000 for an 8.8 percent share in Triveni Pool Intairdril Limited (TPIL), a leading on-shore oil drilling company. With the acquisition of three refurbished 4,900 meter rigs, the company has expanded its fleet to a total of seven rigs. IFC will subscribe its shares during an initial public share offering scheduled to take place in late 1991.



IFC advised the management and employees of Exxon Chemical Pakistan Limited on acquiring a shareholding in the company and helped finance the expansion of the company's urea manufacturing plant.

In Pakistan, IFC approved a loan of $36 million, an equity investment of $8.5 million, and a loan syndication of $5 million, to help finance the expansion of Exxon Chemical Pakistan Limited's (ECPL) ammonia-urea plant. In addition, IFC advised ECPL's management and employees on acquiring 27 percent of the company's share capital when Exxon Corporation USA sold its 75 percent shareholding to investors. IFC helped structure the transaction and mobilize equity and foreign exchange loans from other investors. Pakistani investors now hold nearly 68 percent of ECPL's share capital. The sale to management and employees will broaden ownership, strengthen the role of professional management in Pakistan, and lay the foundation for future diversification and growth. IFC also helped the management and employee group arrange finance for a second-hand plant and equipment under tight time constraints during a period of unsettled international conditions for resource mobilization.

IFC approved a loan of $4.5 million (of which $2 million was for the account of a participant) to Dynamic Textile Industries Limited (DTIL) in Bangladesh, to help finance the construction of a spinning mill to produce cotton and synthetic fiber for the domestic market. DTIL's annual production of 2.1 million kilograms of yarn will help ease a severe shortage of yarn in Bangladesh.

Capital markets projects

IFC provided financial services to clients and financed capital markets projects in a number of Asian countries. IFC structured, placed, and underwrote a landmark convertible bond issue that raised $125 million in the international financial markets for P.T. Astra, a premier Indonesian industrial conglomerate. IFC had previously helped the company restructure its operations in preparation for public listing. The Corporation also established funds in Indonesia, Malaysia, and Thailand to promote venture capital investment in small and medium-size domestic companies. IFC approved a $20 million loan, of which $15 million is syndicated, for a leasing company in Indonesia. It also approved an investment in a joint venture leasing company in Thailand. The partners are Korea Development Leasing Corporation, Korea Long Term Credit Bank, and the Ayudhya Group. IFC approved financing for a number of financial institutions in the region, including an equity investment in a Korean commercial bank.

IFC approved a number of onlending mechanisms during the year, including a $20 million guarantee facility for the Philippine Commercial International Bank, which will make long-term loans in local currency to private domestic companies. IFC approved an agency credit line to Thailand's Bank of Asia, which will provide term loans to medium-size enterprises. Multi-Country Loan Facilities with Crédit Lyonnais and Banque Nationale de Paris of France will provide medium-term lending in foreign exchange to small and medium-size companies in Indonesia, the Philippines, and Thailand.

In India, IFC helped finance the expansion of the Housing Development Finance Corporation by participating in a rights issue and arranging a $100 million loan, of which $60 million will be syndicated on a best-efforts basis with commercial banks. In Pakistan, IFC approved financing for the country's first private housing finance institution and discount house, a fund management company, and a leasing company.

In Sri Lanka, IFC helped privatize and restructure the Capital Development and Investment Corporation Limited, Sri Lanka's leading institutional equity and quasi-equity financier. IFC will be investing in a new management company, which includes the current management team and experts from one of Asia's leading venture capital companies. It will also invest in, and help place, a newly created equity fund, which will invest in new enterprises in a variety of sectors.

IFC approved an investment in the Commonwealth Equity Fund, which will invest nearly $60 million in smaller emerging markets in the developing Commonwealth countries. In Asia, the Fund will invest in Bangladesh, India, Malaysia, Pakistan, Papua New Guinea, and Sri Lanka.

Advisory Services and Technical Assistance

During the fiscal year, IFC provided advisory services to a number of companies and governments throughout the region. In addition to advising several companies on financial structuring before going public, IFC helped restructure firms in Sri Lanka and the Philippines. It also advised several Asian governments on capital market development and attracting foreign direct investment.

In FY91 IFC helped privatize and restructure the institution that is Sri Lanka's leading source of equity financing for companies. In collaboration with the World Bank, IFC's **Capital Markets Department** assisted the Sri Lankan Government in reviewing the possibility of commercializing the management of pension funds and insurance companies, developing an active secondary market for long-dated government bonds, and creating a more equitable environment for all insurance companies.

In Indonesia, IFC helped develop a legal framework for mutual funds and examined the possibility of developing a domestic factoring industry. In Pakistan, it prepared rules to monitor and regulate discount/acceptances houses.

Through its **Corporate Finance Services Department,** IFC prepared a restructuring proposal for the national copper smelter, Philippines Associated Smelting and Refining (PASAR). IFC's recommendations were accepted and the Corporation is now assisting with the implementation of the restructuring plan, which will also result in the privatization of PASAR, if successful.

In FY91, **The Foreign Investment Advisory Service (FIAS)** was active in a number of countries in East Asia and South Asia, including Indonesia, Malaysia, Papua New Guinea, the Philippines, Thailand, Vietnam, Sri Lanka, and Bangladesh. FIAS's advisory assistance followed previous work in all countries except Sri Lanka and Vietnam, which are new clients.

In Indonesia, as a part of its ongoing assistance in strengthening the investment environment, FIAS has reviewed the relationship between the national investment authority (BKPM) and the regional investment authority (BKPMDs) to find ways to strengthen investor services by these institutions and improve the implementation ratio of approved projects. FIAS has also identified a two-year program of advisory assistance to strengthen BKPM's promotional functions, and to review remaining obstacles to foreign direct investment (FDI) in Indonesia's policy framework.

During the year, FIAS started reviewing Malaysia's policy on investment incentives and developing a monitoring function in the Malaysian Industrial Development Agency (MIDA). In Papua New Guinea, FIAS initiated work to help the Government establish a new investment promotion agency to replace the existing regulatory institutional framework.

FIAS helped the Philippine Board of Investment prepare a new investment promotion strategy aimed at increasing the flow of FDI and assisting investors with the implementation of approved projects. FIAS also started reviewing the Board's structure in light of the proposed investment promotion strategy and the pending investment policy reforms.

Following previous work with the Board of Investment of Thailand, FIAS undertook a study of ways to increase the backward linkages from foreign investment to the rest of the economy. In Vietnam, FIAS made a series of proposals related to the development of the commercial law framework to encourage and accelerate the flow of foreign direct investment to the country.

FIAS helped the Government of Sri Lanka prepare an investment policy statement summarizing its objectives and policies related to foreign direct investment. FIAS also helped prepare new investment guidelines and made recommendations concerning replacement of the existing institutional framework for FDI with a new Investment Promotion Authority.

In Bangladesh, FIAS provided advice on the structure and functions of the new Board of Investment (which was established on the basis of an earlier FIAS recommendation). FIAS also developed a two-year technical assistance program to strengthen the institutional capacity of the Board.

During the year, FIAS organized a Roundtable in Honolulu on trends and developments for FDI in Asia in the 1990s, with particular emphasis on the role of policies in attracting additional FDI flows to Asia. The meeting was attended by 25 top government officials and representatives from Asia's business community. FIAS has completed a research project identifying obstacles to investment in the South Pacific.

As part of IFC's technical assistance program, the **Technical Advisory Service** carried out the technical audit of an Indian cement producer.

During FY91 staff visited IFC's seven member countries in the South Pacific to promote the **South Pacific Project Facility (SPPF)** and develop ideas for businesses. SPPF has about 30 projects in its pipeline, of which four were being reviewed in detail at the close of the fiscal year. SPPF opened an office in Sydney, Australia in June 1991. It will set up collaborative relationships with appropriate organizations in the Pacific Island countries to maintain a presence in the region and attract project proposals. SPPF has already entered into discussions with organizations in Fiji and Papua New Guinea.

APPROVALS IN ASIA

(US$ millions as of June 30, 1991)

Projects approved in fiscal year 1991		*Financing Approved*	*Project Cost*
Bangladesh			
Dynamic Textiles Industries Ltd. (DTIL), a greenfield spinning mill, will manufacture 2.1 million kilograms of cotton and polyester yarn annually, primarily for the domestic textile industry.	Loan	2.5	
	Equity	–	
	Quasi-equity	–	
	Syndications	2.0	
	Total	4.5	11.5
India			
IFC participated in a rights issue of equity shares offered by *Bihar Sponge Iron Ltd.**	Loan	–	
	Equity	0.1 +	
	Quasi-equity	–	
	Syndications	–	
	Total	0.1	2.4
Block KG-OS-IV Petroleum Exploration Project consists of seismic studies and one exploratory well. Contingent on initial results, an additional well may be drilled.	Loan	–	
	Equity	8.2	
	Quasi-equity	–	
	Syndications	–	
	Total	8.2	32.7
Bombay Suburban Electric Supply Ltd. (BSES) will build a thermal power plant and add transmission lines and three receiving stations in the Bombay area.	Loan	50.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	18.0	
	Total	68.0	653.3
IFC provided a second loan to *Gujarat State Fertilizers Co. Ltd. (GSFC)*,* which is completing construction of a plant with the capacity to produce 50,000 metric tons of caprolactam annually.	Loan	10.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	10.0	10.5
In two separate projects, IFC participated in a rights issue and approved loans to help finance the expansion of the *Housing Development Finance Corporation.**	Loan	40.0	
	Equity	0.5	
	Quasi-equity	–	
	Syndications	59.5	
	Guarantee	4.8	
	Total	104.8	226.7
IFC participated in a pre-emptive rights issue by *Nagarjuna Signode Ltd.**	Loan	–	
	Equity	0.1 +	
	Quasi-equity	–	
	Syndications	–	
	Total	0.1	0.1
Triveni Pool Intairdril Limited (TPIL), a leading on-shore oil drilling company in India, is expanding its rig fleet from four to seven units.	Loan	–	
	Equity	0.6	
	Quasi-equity	–	
	Syndications	–	
	Total	0.6	20.6
Varun Shipping Co. Ltd. will acquire two liquid-product tankers and two dry bulk carriers, increasing capacity by 127,000 deadweight tons.	Loan	15.0	
	Equity	1.7	
	Quasi-equity	–	
	Syndications	–	
	Total	16.7	67.0
Indonesia			
P.T. Argo Pantes will expand the capacity of its spinning mills to produce 19,200 tons of cotton yarn annually.	Loan	30.0	
	Equity	13.0	
	Quasi-equity	–	
	Syndications	53.0	
	Total	96.0	140.0
IFC was co-lead manager in the underwriting and placement of a $125 million convertible bond issue for *P.T. Astra International*,* one of Indonesia's largest conglomerates. The issue was the first of its type in Indonesia.	Loan	–	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Underwriting	10.0	
	Total	10.0	125.0

Projects approved in fiscal year 1991		*Financing Approved*	*Project Cost*
P.T. Indonesia Asahi Chemical Industry is expanding its facilities to increase annual production of nylon and acrylic yarn by 5,000 metric tons.	Loan	4.0	
	Equity	–	
	Quasi-equity	1.9	
	Syndications	–	
	Total	5.9	23.0
*P.T. Indo-Rama Synthetics** is expanding production of polyester filament yarn for the domestic textile industry.	Loan	15.0	
	Equity	6.2	
	Quasi-equity	–	
	Syndications	–	
	Total	21.2	54.7
P.T. Petrochemical Industries of Indonesia will build and operate Indonesia's first integrated petrochemical complex based on domestic feedstock.	Loan	75.0	
	Equity	15.0	
	Quasi-equity	–	
	Syndications	250.0	
	Total	340.0	1,680.0
P.T. Rimba Partikel Indonesia will build and operate a mill producing 100,800 cubic meters annually of high-grade particle board using wood-waste from Indonesia's plywood mills.	Loan	9.5	
	Equity	0.6	
	Quasi-equity	–	
	Syndications	15.0	
	Total	25.1	40.4
*Saseka Gelora Leasing** plans to expand and diversify its equipment leasing operations, primarily by writing foreign currency leases for Indonesian enterprises.	Loan	5.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	15.0	
	Total	20.0	20.0
VIC-Indonesia is a new venture capital fund that will provide equity and quasi-equity finance and management assistance to small and medium-size companies.	Loan	–	
	Equity	1.5	
	Quasi-equity	–	
	Syndications	–	
	Total	1.5	5.0
Korea			
IFC participated in a rights issue by *Goldstar Company, Ltd.**	Loan	–	
	Equity	1.4	
	Quasi-equity	–	
	Syndications	–	
	Total	1.4	65.3
The *Korea Development Investment Corporation** is increasing its capital by 75 percent to strengthen its asset base and expand its investment activities.	Loan	–	
	Equity	0.9	
	Quasi-equity	–	
	Syndications	–	
	Total	0.9	12.3
Korea Investment and Finance Company,* which is becoming a commercial bank, is increasing its capitalization requirements.	Loan	–	
	Equity	4.5	
	Quasi-equity	–	
	Syndications	–	
	Total	4.5	60.9
IFC participated in a rights issue by *Tong Yang Nylon Company, Ltd.**	Loan	–	
	Equity	1.1	
	Quasi-equity	–	
	Syndications	–	
	Total	1.1	19.0
Malaysia			
IFC has approved an investment in *Malaysian Ventures Berhad*, a venture capital fund that will provide equity and quasi-equity finance and management assistance to small and medium-size companies.	Loan	–	
	Equity	1.0	
	Quasi-equity	–	
	Syndications	–	
	Total	1.0	5.0

Projects approved in fiscal year 1991		*Financing Approved*	*Project Cost*
Pakistan			
Equity International Limited will manage ***Equity International Modaraba***, a fund investing primarily in unlisted equity and quasi-equity securities of small and medium-size companies.	Loan	–	
	Equity	1.1	
	Quasi-equity	–	
	Syndications	–	
	Total	1.1	8.2
Exxon Corporation USA has divested its shareholding in ***Exxon Chemical Pakistan Limited (ECPL)*** to investors. IFC provided advice to EPCL's management and employees on acquiring an equity stake and mobilized loans from other institutions. ECPL is expanding its urea manufacturing capacity.	Loan	36.0	
	Equity	8.5	
	Quasi-equity	–	
	Syndications	5.0	
	Total	49.5	119.3
Housing Finance Corporation, Pakistan's first private housing finance institution, will primarily target middle-income households.	Loan	5.0	
	Equity	0.6	
	Quasi-equity	–	
	Syndications	–	
	Total	5.6	44.1
IFC is participating in a rights issue by ***Packages Limited*** that will help finance the company's balancing, modernization, and expansion program.	Loan	–	
	Equity	0.2	
	Quasi-equity	–	
	Syndications	–	
	Total	0.2	4.0
IFC approved a loan to ***Pakistan Industrial Leasing Corporation***, which will focus on providing "big ticket" lease financing for industrial plant and equipment.	Loan	5.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	5.0	40.0
Prudential Discount and Guarantee House, the first bill discounting institution in Pakistan, will draw, endorse, and accept trade paper and discount government securities.	Loan	–	
	Equity	0.4	
	Quasi-equity	–	
	Syndications	–	
	Total	0.4	4.5
Philippines			
Automated Microelectronics Inc. will modernize and expand its facilities for integrated circuit assembly and packaging equipment, improve miniaturization of integrated circuits, and increase production.	Loan	9.0	
	Equity	2.8	
	Quasi-equity	–	
	Syndications	–	
	Total	11.8	47.0
Best Chemicals and Plastics, Inc. will construct a plant to produce 10,000 metric tons per year of polypropylene film, used in industrial tapes, wrapping, and packaging materials.	Loan	6.5	
	Equity	2.3	
	Quasi-equity	–	
	Syndications	–	
	Total	8.8	33.0
Mactan Shangri-La Hotel and Resort, Inc. will construct a 360-room deluxe resort hotel on Mactan Island in Cebu province catering to the growing tourist trade from other Asian countries.	Loan	12.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	12.0	
	Total	24.0	48.0
IFC has approved a guarantee facility for ***Philippine Commercial International Bank*** designed to increase availability of financing to large and medium-size companies.	Loan	–	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Guarantee	20.0	
	Total	20.0	20.0
Philnico Mining and Industrial Corporation, the largest nickel mine and refinery complex in the world, is being privatized and rehabilitated. At full production the complex will be a major foreign exchange earner.	Loan	35.0	
	Equity	15.0	
	Quasi-equity	–	
	Syndications	80.0	
	Total	130.0	512.2
IFC participated in a rights issue by ***Pure Foods Corporation*** * to finance expansion of the company's flour mill.	Loan	–	
	Equity	0.5	
	Quasi-equity	–	
	Syndications	–	
	Total	0.5	0.5
Sri Lanka			
The Capital Development and Investment Corporation Ltd. (CDIC) will be privatized and restructured. IFC will invest in the restructured management company and a new equity and quasi-equity fund managed by CDIC.	Loan	–	
	Equity	3.0	
	Quasi-equity	–	
	Syndications	–	
	Total	3.0	10.0
Thailand			
IFC is investing in ***Ayudhya Leasing***, a new joint-venture company providing medium-term lease and hire-purchase financing to private enterprises in Thailand.	Loan	–	
	Equity	0.2	
	Quasi-equity	–	
	Syndications	–	
	Total	0.2	1.6
IFC approved an agency credit line to the ***Bank of Asia Limited*** for onlending to medium-size export-oriented Thai enterprises.	Loan	20.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	20.0	20.0
Through a ***Multi-Country Loan Facility***, IFC and Banque Nationale de Paris will provide foreign exchange loans to small and medium-size companies in Thailand.	Loan	25.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	25.0	
	Total	50.0	50.0
IFC approved a second investment in ***Shin Ho Paper (Thailand) Co. Ltd.*** * to cover an increase in the capital costs of the company's newsprint paper mill.	Loan	–	
	Equity	0.9	
	Quasi-equity	–	
	Syndications	4.0	
	Total	4.9	12.0
Siam City Cement Co. Ltd. * will double its cement production capacity to 9.6 million tons per year through the addition of two new production lines.	Loan	30.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	120.0	
	Total	150.0	513.0
VIC-Thailand, a new venture capital fund, will provide equity and quasi-equity finance and management assistance to small and medium-size companies.	Loan	–	
	Equity	1.5	
	Quasi-equity	–	
	Syndications	–	
	Total	1.5	5.0
World			
The 10-year, closed-end ***Commonwealth Equity Fund*** will invest in developing Commonwealth countries in the region.	Loan	–	
	Equity	7.5	
	Quasi-equity	–	
	Syndications	–	
	Total	7.5	57.0
Through a ***Multi-Country Loan Facility***, IFC and Crédit Lyonnais will provide foreign exchange loans to small and medium-size companies in Indonesia and the Philippines.	Loan	25.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	25.0	
	Total	50.0	50.0

* IFC has made one or more previous investments in, or loans to, this company.

+ As a rights issue below $250,000, this project is not included in the total number of projects approved in FY91.

EUROPE

Investment Climate

The formerly socialist economies of Central and Eastern Europe have gone through a remarkable transition. To varying degrees, all have repudiated central planning and moved toward private ownership and market pricing. However, despite these efforts, each country suffered from a number of external shocks and has experienced a decline in GDP and an overall negative growth rate. The former COMECON countries have been particularly hard hit by the deterioration of economic conditions in the Union of Soviet Socialist Republics, historically their largest trading partner. The abandonment of commodity counter-trade and barter agreements in favor of hard-currency based free trade has resulted in a severe contraction of trade, with lower export demand bringing in its wake reduced industrial production. The Gulf conflict exacerbated foreign exchange problems, not only because of the higher price of imported oil, but also because Iraq was an important trading partner and net debtor to all Central and Eastern European countries.

Poland, Hungary, and Czechoslovakia are actively engaged in programs to privatize all their small-scale productive sector activities and many of their larger state enterprises. Progress has been mixed for the larger enterprises. These countries have also taken steps to eliminate the monopoly position of the state trading companies, opened their economies to foreign trade, and adjusted their exchange rates to realistic levels, ensuring that their currencies are internally convertible and on the way to being fully convertible. Romania and Bulgaria are establishing the legislative and institutional framework for privatizing large state-owned enterprises. However, because these countries are starting from a lower technological base than their neighbors, modernization may take somewhat longer. In all of these countries, restructuring and privatization are critical in the transition to a market-based economy. New investments in well-structured ventures will provide the impetus for future economic growth.

In Yugoslavia, continued political uncertainty has discouraged new investment. The Government has taken steps to establish the legislative basis for a much more open and market-driven economy, which includes developing the framework for privatization and foreign investment. Some republics are strenuously pursuing these objectives. However, the debate about the future relationship of the republics is dramatically affecting both domestic and foreign investment.

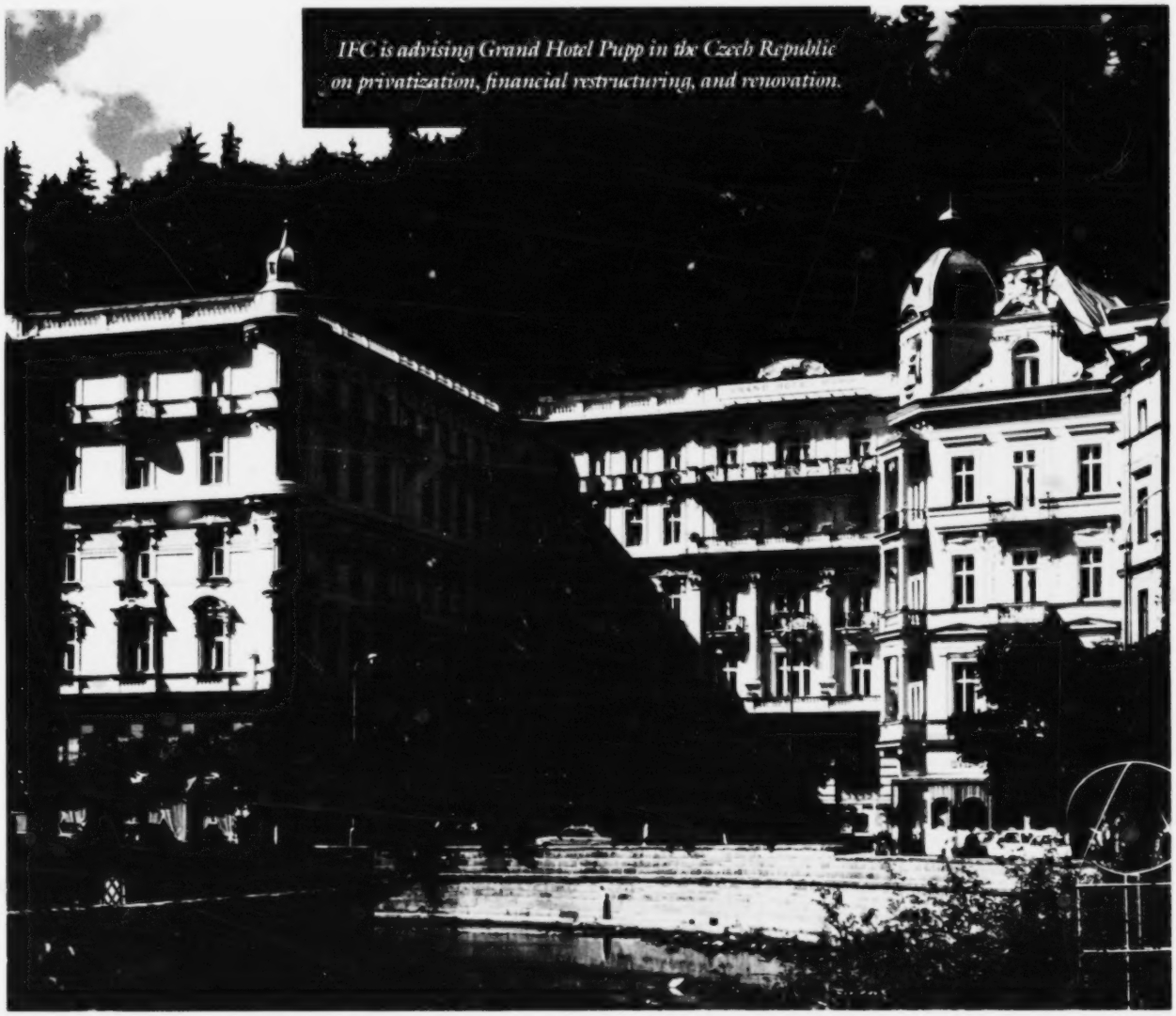
The events in the Middle East have taken a toll on the Turkish economy. While the tourism industry will recover in time, it was hard hit in 1991. Moreover, the collapse of the Iraqi economy, the slowdown in the U.S. and EC economies, and the strong lira have somewhat dampened the near-term prospects for the growth of Turkish exports.

Economic liberalization, nevertheless, has continued over the past year, and the private sector has continued to outperform the state sector. Turkey has instituted a plan to privatize state enterprises, but to date, progress has been slow. Inflation has been running at an annual rate of 60–70 percent, at least partly because government deficit spending has grown in relation to GNP. Government borrowing has driven real interest rates up to levels at which private enterprises have difficulty borrowing. Access to international capital markets and commercial financial sources have also been constricted, partly due to the Gulf crisis, but Turkey remains a relatively attractive market and export base for both foreign and domestic private investors.

IFC's Role and Strategy

At the beginning of FY91, IFC created a new Investment Department covering only Europe, to meet increased demand and better serve its newest member countries in the region. Czechoslovakia and Romania became members of IFC during FY91, and Bulgaria joined IFC in early FY92. Albania is also considering joining the International Monetary Fund, the World Bank, and IFC. IFC conducted its first mission to Albania in June 1990.

IFC has opened Resident Missions in Czechoslovakia, Hungary, and Poland in response to growing opportunities for private sector initiatives in these three countries, and its Vienna office serves as a promotional base for other countries in the region. Because of the demand for assistance with capital market development IFC has also created a new position—Capital Markets Regional Representative for Central and Eastern Europe—based in Prague. IFC also has a Resident Mission in Turkey, the country with the biggest share of IFC's European loan and equity portfolio.



IFC is advising Grand Hotel Pupp in the Czech Republic on privatization, financial restructuring, and renovation.

IFC is coordinating its activities in Central and Eastern Europe with the new European Bank for Reconstruction and Development. One of the first instances of collaboration was the establishment of the Polish Business Advisory Service, which is described in greater detail on p. 49.

The new Investment Department for Europe covers an economically diverse group of countries, and its services are tailored to the needs of individual countries. In Greece and Portugal, which are already members of the European Community, IFC's activities are largely limited to advisory work. In other countries in Central and Southern Europe that are modernizing their economies and seeking closer ties with the rest of Europe, IFC is providing both finance and advice in priority areas—the establishment of joint ventures with foreign companies, the privatization of state enterprises, the development of the legal and institutional framework for securities markets and the development of the markets themselves, and the encouragement of domestic entrepreneurship.

In the former COMECON countries, IFC's focus is on facilitating the flow of foreign investment and providing assistance with the privatization of specific enterprises. IFC is working closely with the governments of these countries to develop the legal and institutional infrastructure needed for privatization. Yugoslavia has adopted legislation allowing foreign investment and management to a much greater degree than was previously possible, as well as legislation allowing the privatization of decentralized socially owned enterprises.

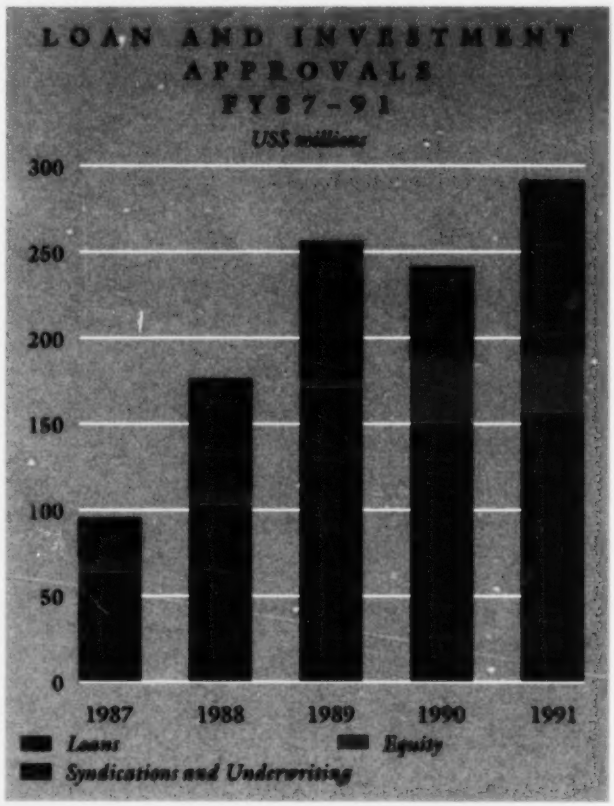
In these countries, IFC is helping structure newly privatized enterprises that incorporate both foreign investment and the assets of the former state enterprise. It is also continuing to finance greenfield projects in partnership with foreign sponsors and local investors, and, when appropriate, is syndicating loans with commercial banks.

IFC is also supporting, with financing and advice, the efforts of the former COMECON countries to modernize their financial systems. IFC has helped facilitate foreign direct investment in the commercial banking sector in these countries and is providing assistance with the development of securities markets. In Czechoslovakia and Poland, IFC has initially focused on financing the establishment of commercial banks. As markets develop and regulatory frameworks are put into place, IFC will help establish other types of financial institutions. The basic institutional framework is already in place in Hungary; IFC is therefore providing assistance with the establishment of more sophisticated institutions, such as mortgage banks.

Project Finance and Resource Mobilization

In FY91, IFC approved 15 projects in 5 countries in Europe, compared with 20 projects in 6 countries in FY90. At June 30, 1991, the Corporation's committed portfolio included loans and investments for 71 companies in 6 countries in the region, compared with 62 companies in 8 countries at June 30, 1990.

	FY91	FY90
	(US$ millions)	
Financing for IFC's account	$189	$188
Loans and guarantees	157	150
Equity and quasi-equity	32	38
Direct mobilization	103	54
Loan syndications	103	38
Underwriting		16
Indirect mobilization	408	576
Committed portfolio	839	813
Loans and guarantees	768	756
Equity and quasi-equity	71	57

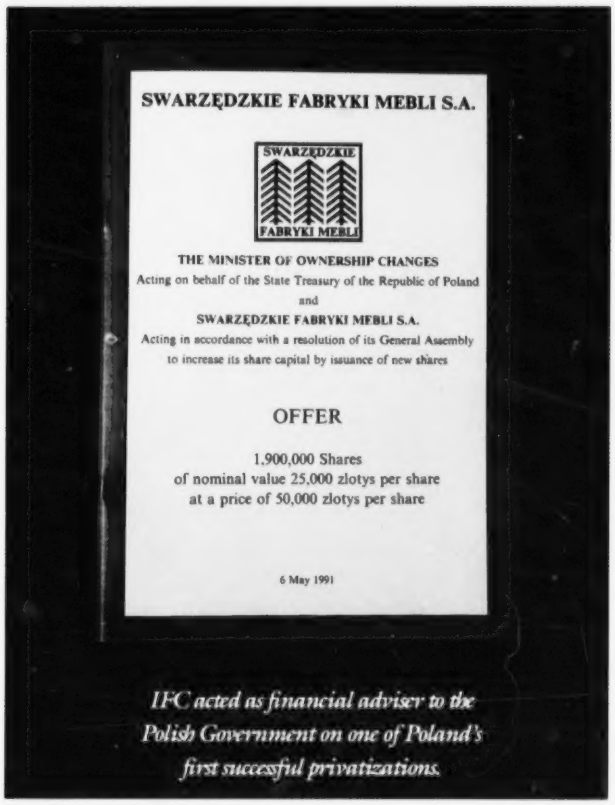


Large and medium-size enterprises

The scarcity of office space in Warsaw is a severe constraint on new business ventures. At the request of the U.S. and Polish sponsors of a new office bloc, IFC helped structure and finance one of Warsaw's first new office buildings in recent years to meet the standards of Western businesses.

In Hungary, IFC approved a $28 million loan and a $7 million quasi-equity investment for Magyar Suzuki, Hungary's first automobile manufacturer. This was the largest amount of foreign financing for a greenfield project in Hungary to date. IFC worked with the sponsors for over two years to structure the project in a way that provides optimal long-term benefits to the Hungarian economy. The company will assist in the development of the local vendor industry, and expects to reach at least 50 percent local content within the first three years of operation.

In Yugoslavia, IFC has concentrated on modernizing production facilities of enterprises that have good prospects for early privatization, and helping these enterprises acquire energy efficient technologies. IFC approved a $4 million loan to Delo Publishing and Printing House; this is IFC's first project in the printing and publishing sector.


SWARZĘDZKIE FABRYKI MEBLI S.A.
SWARZĘDZKIE
FABRYKI MEBLI
THE MINISTER OF OWNERSHIP CHANGES
Acting on behalf of the State Treasury of the Republic of Poland
and
SWARZĘDZKIE FABRYKI MEBLI S.A.
Acting in accordance with a resolution of its General Assembly
to increase its share capital by issuance of new shares
OFFER
1,900,000 Shares
of nominal value 25,000 zlotys per share
at a price of 50,000 zlotys per share
6 May 1991

IFC acted as financial adviser to the Polish Government on one of Poland's first successful privatizations.

IFC is providing special assistance to two Yugoslav firms. It is working with Sava Semperit, a tire producer and previous client of IFC's, to develop a least-cost solution related to long-term energy production and use. IFC is helping Rogaska Glass, one of Yugoslavia's biggest crystal exporters, plan its investment program, value its assets, and obtain a foreign partner.

In Turkey, IFC is supporting the modernization and expansion programs of existing companies and helping with complex financial restructurings to reduce or eliminate the need for expensive short-term local financing. IFC approved a $15 million loan, an equity investment of $3 million, and a guarantee facility of $11 million for Nasco Nasreddin Holding A.S., primarily to help finance the expansion of its textile finishing operation; a $20 million loan to Kula A.S., for the establishment of a denim textiles plant; and financing of $15 million for the modernization of a dairy enterprise, MIS SUT Sanayii A.S. IFC also approved financing for ELBO Sanayii A.S., a German-Turkish joint venture that will manufacture water and space-heating equipment. Demand for this type of equipment will grow as natural gas delivery systems are installed in Turkey's largest cities for the purpose of pollution abatement.

Capital markets projects

With a consortium of foreign and local banks, IFC is helping establish a joint-venture commercial bank in Poland that will provide a broad range of banking and other financial services to foreign and local enterprises operating in that country. In Hungary, IFC approved a $26 million agency credit facility to Budapest Bank for onlending to small and medium-size enterprises. IFC also approved financing for two new financial institutions: an insurance company providing life, general property, and casualty products; and Hungary's first investment bank. IFC and Oesterreichische Laenderbank of Austria established a $50 million Multi-Country Loan Facility, with each providing $25 million, for financing medium-scale enterprises in Czechoslovakia, Hungary, and Poland. In Turkey, IFC syndicated a second backstop facility for the Eurocommercial Paper program of one of the country's leading banks.

Advisory Services and Technical Assistance

During the fiscal year, the **Capital Markets Department** expanded its technical assistance program, partly in response to the special needs of the newly emerging market economies in Central and Eastern Europe. IFC's strategy is designed to complement the technical assistance programs of the World Bank and the IMF in the financial sector. The principal focus of IFC's assistance is the development of regulatory frameworks for securities markets, non-bank financial intermediaries, and institutional investors. It is also providing assistance on stock exchange development.

In Czechoslovakia, IFC is providing advice on the privatization of financial institutions and on developing a stock exchange; it is also having discussions with the Government about regulations in three areas: securities markets, social security, and mutual funds. In Hungary, IFC is assisting with the revision of company and securities laws, the drafting of a policy manual for the securities regulatory agency, and the development of clearing and settlement systems for the Budapest Stock Exchange. In Turkey, in collaboration with the World Bank, IFC is reviewing financial sector development and is helping modernize the stock exchange. It is also studying the feasibility of developing a secondary mortgage market, venture capital activities, and a factoring industry.

In collaboration with the World Bank, IFC's **Investment Department** and **Capital Markets Department** developed a technical assistance program for Poland's nine commercial banks, recently split off from the country's unitary bank. IFC helped identify nine foreign banks, each of which will provide technical assistance over a period of several years to one of the Polish banks.

The **Investment Department for Europe** worked on two other major assignments for the Polish Government in FY91. IFC helped organize a technical assistance package of ECU 25 million ($29 million equivalent) from the European Community to help staff and structure the Ministry of Ownership Changes, which is responsible for Poland's privatization program. A senior staff member from IFC was seconded to the Ministry for six months to help launch the program. IFC also helped the Government design mechanisms for debt-for-nature swaps under the debt reduction program agreed by the Paris Club. IFC will provide ongoing advice with respect to this program.

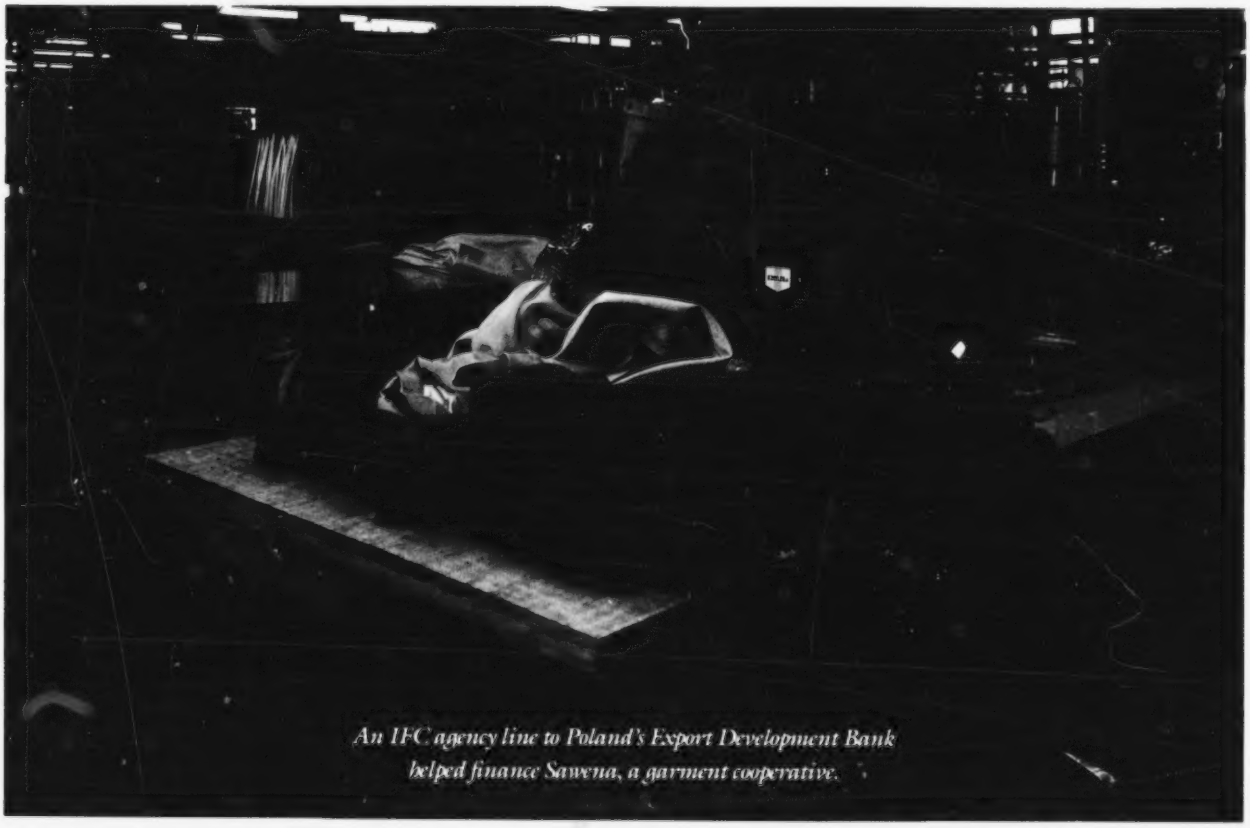
In Turkey, IFC provided advice, in conjunction with its project financing activities, on restructuring and reopening plants that had been shut down. It also advised mature Turkish firms ready to raise finance in the international securities markets.

Advisory services provided by the **Corporate Finance Services Department** in Europe are described in the box on p. 49.

The reforming Central and Eastern European economies have sought the advice of the **Foreign Investment Advisory Service (FIAS)** on a number of issues. The policy environment for foreign direct investment (FDI) in these countries, more than in others, is closely related to issues such as privatization, general reform of commercial law, currency convertibility, and other issues on which FIAS works closely with the World Bank and the IMF. In FY91, FIAS completed projects in three countries in Central and Eastern Europe.

In Romania, FIAS carried out a diagnostic study to identify the major impediments to the inward flow of foreign direct investment (FDI). The study focused on laws and regulations affecting foreign investment, and on the Agency for the Promotion of Foreign Investments and Economic Assistance (ARPIS).

In Hungary, FIAS reviewed three important aspects of the system for attracting and regulating foreign direct investment: the procedures for transforming public enterprises (self-managed or state-managed) into independent entities, and allowing them either to be purchased by foreign investors or to form joint ventures with foreign companies; taxation of FDI; and screening and approval of proposed FDI.



An IFC agency line to Poland's Export Development Bank helped finance Sawena, a garment cooperative.

PRIVATIZATION AND CORPORATE RESTRUCTURING

In response to increased demand for specialized expertise in corporate restructuring and privatization, the Corporate Finance Services Department (CFS) was established in 1990 to provide fee-based advisory services in these areas. During FY91 it undertook nine advisory assignments in Europe.

Czechoslovakia

IFC has been retained by Czechoslovakia's largest heavy industrial group, Skoda Plzen, which has 38,000 employees, to provide advice on the company's strategic planning, joint venture plans, and privatization strategy.

IFC has also been retained to design and implement a privatization strategy for Grand Hotel Pupp, a historic spa located in Karlovy Vary in the Czech Republic. The assignment includes the preparation of an Information Memorandum to attract international hotel companies as prospective investors in the company and assistance in raising financing for renovation of the hotel.

IFC is advising CKD Kompressory, a leading compressor producer in Czechoslovakia, on restructuring its operations and ownership and on privatization strategy. IFC will evaluate CKD's operations and help negotiate a joint-venture agreement.

Greece

IFC has entered into an agreement with the National Bank of Greece (NBG) to provide a second opinion on the valuation of a hotel group that is wholly owned by NBG. IFC will also develop a privatization strategy for the group and assist in attracting investors and management.

Poland

IFC provided the Government of Poland with general advice on the legal, regulatory, and institutional framework for privatization. IFC has also played a key role in establishing the International Foundation for Capital Market Development and Ownership Changes in Poland and helped raise funding from the European Community for the Foundation's operations.

IFC was retained by the Government of Poland to design and implement a privatization strategy for Swarzedzkie Fabryki Mebli (SFM), a major furniture company with 3,200 employees. IFC's recommendations on the restructuring and privatization of SFM were accepted by the Government, and a public share offering took place in 1991. IFC also assisted the Government with the design of a share distribution mechanism for upcoming privatizations.

Portugal

At the request of the Government of Portugal, IFC completed a study on the structure of the cement industry. IFC's recommendations have been accepted by the Government and will serve as the basis for the privatization of the industry. IFC has also been asked for a second opinion on the valuation of two cement plants and the privatization of one of the cement companies.

Yugoslavia

Sava-Semperit, a tire manufacturer in Yugoslavia, retained IFC to value the company's assets in preparation for discussions with potential joint-venture partners.

IFC is advising the Privatization Agency and Development Fund of the Republic of Slovenia on the privatization of several companies under a pilot program.

FIAS's diagnostic review of the domestic environment for FDI in Czechoslovakia focused on two major aspects: the legal framework—identification of major problems in the laws, regulations, institutions, and procedures; and foreign investment agencies—advice on developing the objectives, functions, and structures of the three foreign investment agencies recently established by the Federal, Czech, and Slovak Governments.

The new **Technical Advisory Service** has undertaken two assignments in Europe: the operational review and restructuring of a textile machinery manufacturer in Czechoslovakia and a market study for a company considering an investment in a Polish cement plant.

The **Polish Business Advisory Service (PBAS)** was established in FY91. PBAS is set up along the lines of IFC's project development facilities in Africa, the Caribbean, and Central America. It will provide technical assistance to Polish entrepreneurs in the preparation of business plans and investment proposals as well as in project implementation. It will also provide operational support. The Service will promote the training and use of local business consultants. Funding of about $25 million for the first five years of PBAS's operations will be raised from other multilateral and bilateral sources.

APPROVALS IN EUROPE

(US$ millions as of June 30, 1991)

Projects approved in fiscal year 1991		*Financing Approved*	*Project Cost*
Eastern and Central Europe			
A *Multi-Country Loan Facility* developed with Oesterreichische Laenderbank will provide foreign exchange lending to small and medium-size projects in the Czech and Slovak Federal Republic, Hungary, and Poland.	Loan	25.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	25.0	
	Total	50.0	50.0
Hungary			
IFC approved an agency credit facility for *Budapest Bank* for on-lending to cooperatives and small and medium-size private enterprises. IFC will also arrange technical assistance for Budapest Bank in the area of project finance.	Loan	20.9	
	Equity	–	
	Quasi-equity	5.2	
	Syndications	–	
	Total	26.1	27.0
The First American Hungarian Insurance Company will provide life insurance products and general property and casualty insurance.	Loan	–	
	Equity	3.3	
	Quasi-equity	–	
	Syndications	–	
	Total	3.3	16.0
Magyar Suzuki, a joint venture, will manufacture passenger cars for the domestic and export markets. Suzuki will provide technical assistance for vendor industry development in Hungary.	Loan	28.2	
	Equity	–	
	Quasi-equity	6.5	
	Syndications	–	
	Total	34.7	234.9
The *Nomura Magyar Befektetesi Bank Rt.*, Hungary's first investment bank, will offer a full range of investment banking services for domestic enterprises, as well as asset management services for companies and institutions.	Loan	–	
	Equity	1.6	
	Quasi-equity	–	
	Syndications	–	
	Total	1.6	16.0
Poland			
Chemagev Ltd. will build and operate an 85,000 square-foot office building in the center of Warsaw that meets the standards of foreign corporate tenants.	Loan	3.0	
	Equity	1.1	
	Quasi-equity	–	
	Syndications	7.5	
	Total	11.6	14.6
IFC is investing in the *International Bank in Poland*, a joint-venture multipurpose commercial bank that will provide a broad range of banking and other financial services.The bank is being established by a consortium of foreign and local banks.	Loan	–	
	Equity	3.2	
	Quasi-equity	–	
	Syndications	–	
	Total	3.2	20.0
Portugal			
IFC participated in a rights issue by *Banco Portugués de Investimento.* *	Loan	–	
	Equity	◆ +	
	Quasi-equity	–	
	Syndications	–	
	Total	◆	◆
IFC participated in a rights issue by *Finantia Sociedade de Investimentos, S.A.*, * an investment bank. This investment will enable the bank to compete more effectively and expand its trading, underwriting, and advisory services.	Loan	–	
	Equity	2.8	
	Quasi-equity	–	
	Syndications	–	
	Total	2.8	23.5
Turkey			
ELBO Sanayii A.S., a joint venture between Robert Bosch from Germany and the Elginkan Group from Turkey, will manufacture gas-fired water heaters and household heating systems and gas control components. A significant portion of the production will be exported to Europe.	Loan	19.3	
	Equity	–	
	Quasi-equity	–	
	Syndications	5.6	
	Total	24.9	77.6
Interbank will use a backstop facility arranged by IFC for its Eurocommercial paper borrowing program. The proceeds of the syndication will be used to fund trade finance operations for Turkish exporters.	Loan	–	
	Equity	–	
	Quasi-equity	–	
	Syndications	60.0	
	Total	60.0	60.0
Kula A.S. is adding to its textile operations a new integrated denim fabric line with a capacity of 10–15 million meters per year. The finished fabrics will be sold to the local garment industry.	Loan	19.8	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	19.8	41.0
MIS SUT Sanayii A.S. plans to double its annual milk processing capacity to 120,000 tons by rehabilitating a closed dairy near Istanbul and expanding and modernizing its existing dairy.	Loan	10.0	
	Equity	–	
	Quasi-equity	5.0	
	Syndications	–	
	Total	15.0	49.2
NASCO Nasreddin Holding A.S. will modernize and expand its textile operations. The project also involves financial restructuring; the company will sell unproductive real estate properties to help finance its expansion.	Loan	15.0	
	Equity	2.5	
	Quasi-equity	–	
	Syndications	5.0	
	Guarantee	11.3	
	Total	33.8	59.6
IFC exercised its pre-emptive rights to support Turkey's largest float glass company, *Trakya Cam Sanayii A.S.* * In FY89, IFC helped finance an expansion program that doubled the company's float glass capacity.	Loan	–	
	Equity	0.8	
	Quasi-equity	–	
	Syndications	–	
	Total	0.8	0.8
Yugoslavia			
Delo Publishing and Printing House is modernizing its facilities to improve efficiency and quality. The company plans to increase commercial printing services and introduce new special interest magazines.	Loan	4.2	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	4.2	9.3

* IFC has made one or more previous investments in, or loans to, this company.

+ As a rights issue below $250,000, this project is not included in the total number of projects approved in FY91.

◆ Rights issue under $20,000.

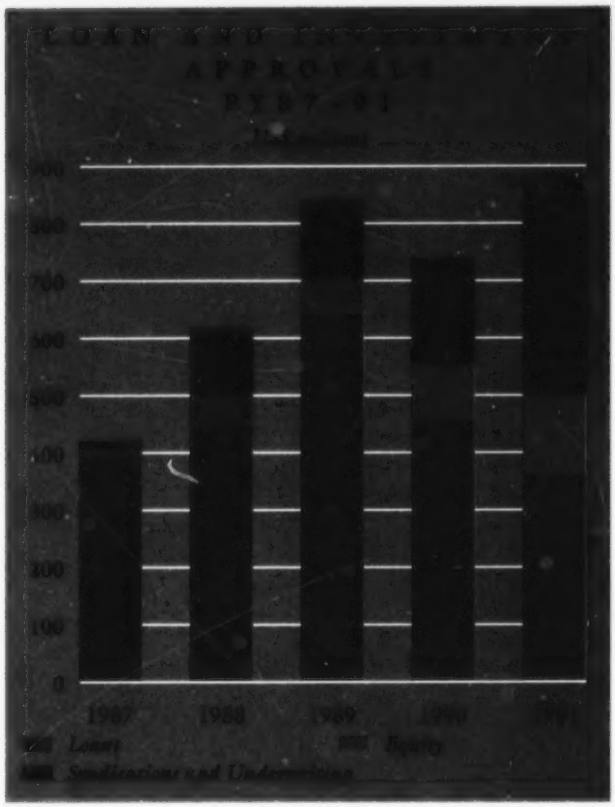
LATIN AMERICA AND THE CARIBBEAN

Investment Climate

Overall economic growth for Latin America and the Caribbean was a negative 0.5 percent in 1990, compared with a positive 1.5 percent in 1989, primarily because of recession in the larger countries in the south. Output declined in Argentina (3.5 percent), Brazil (4.3 percent), and Peru (4 percent) as their governments embarked on new stabilization programs or tightened ongoing measures to control runaway inflation. Stabilization efforts in Chile, Bolivia, and Uruguay, on the other hand, have been more successful.

Economic growth rates were higher in the northern part of the region. The larger countries—Mexico, Venezuela, and Colombia—all of which are oil exporters, were stimulated by higher international petroleum prices and by the reactivation of the private sector. Countries in Central America and the Caribbean did not fare well. Growth declined to 0.2 percent in 1990, compared with 3.1 percent in 1989. The declines in Barbados, the Dominican Republic, and Jamaica were particularly severe. The region was hurt by high international petroleum prices and lower prices for exports such as coffee.

The trend toward greater economic liberalization was most evident in the larger countries in the region, especially Mexico, where a program of fiscal stringency and encouragement of private sector-led growth has continued. The number of public enterprises declined to 280 in 1990, compared with 379 in 1989 and 1,155 in 1982. Advances in discussions of a free-trade agreement with the United States have boosted confidence in private sector prospects. As a result, an unprecedented estimated $5 billion in capital was repatriated in 1990.



Comprehensive stabilization programs were introduced in Argentina and Brazil to break the cycle of excessive public borrowing, high interest rates, and rising inflation. Reforms were also introduced to reduce the size and direct involvement of the state in economic activity. Nontariff trade barriers and import tariffs were eliminated or phased out, and most regional and sectoral subsidies and other government-related distortions were reduced. Inflation, however, continued to be a problem in both countries. In Brazil inflation rose from 1,300 percent per year to 1,500 percent per year between 1989 and 1990. In Argentina, a recent adjustment package caused monthly inflation rates to drop sharply in the first half of 1991, to single digits from four digits in 1989 and 1990. Stabilization in Peru has succeeded in reducing monthly inflation to single digits. Peru has reinforced its program by further reducing import tariffs and introducing far-reaching measures to scale down the public sector and deregulate the economy.

Venezuela, which grew by an estimated 4.4 percent in 1990, enjoyed an increase in foreign investment, from $77 million in 1989 to an estimated $375 million in 1990. There is significant foreign interest in participating in major projects in the petrochemical, aluminum, pulp and paper, and tourism sectors. Investment in these projects is being promoted by a $0.6 billion annual debt conversion program. Interest is being stimulated not only by Venezuela's rich natural resource base, but also by the strong economic liberalization effort under way in the country. As part of this effort, the country has recently adopted a more liberal foreign investment code.

Colombia, which continued its record of prudent fiscal and macroeconomic management in 1990, experienced higher growth, estimated at 3.7 percent in 1990 compared with 3.3 percent in 1989. The Government is continuing its program of economic modernization as trade barriers are reduced and financial reforms progress. The private sector is being helped by regulatory reform and a more liberal foreign investment code.

The lowering of barriers to trade and to foreign investment in Mexico and Venezuela has reduced margins for several domestic companies. Not only have imports become cheaper, but foreign multinationals have begun setting up local plants. While this has obvious benefits for local workers and consumers, it requires adjustments by local industry. Several of IFC's projects have helped local companies become more international in scope as they adjust to, and profit from, expanding trade opportunities. IFC has also helped several companies in these countries mobilize funds for their investment programs.

Cash flow problems and shrinking domestic demand have forced many firms in countries such as Argentina and Brazil to postpone investment. Freer trade regimes and reduced domestic demand have motivated the private sector to reorient itself toward export markets, and created pressures to achieve international competitiveness, which will require investments in modernization, restructuring, and expansion. However, the scarcity of medium- and long-term credit, especially in foreign exchange, continues to be a serious constraint for private companies.

IFC's Role and Strategy

IFC's strategy in Latin America includes helping companies adjust to the heightened competition resulting from trade liberalization, domestic deregulation, and privatization. Private investment is limited in a number of countries because of either recession or modest economic growth. Nevertheless, companies need long-term equity and debt financing to expand capacity, which is often highly utilized after years of low investment. In countries in recession, companies need to make investments to improve efficiency so they can compete with imports in a more open economy and capture export markets. IFC is providing both debt and equity financing in these countries, and mobilizing additional financing in the international markets. In countries with a rich natural resource base, IFC is promoting the development of large export projects.

In Mexico, whose liberalization process is fairly advanced, IFC is helping companies with the adjustment to increased domestic competition as well as with export projects. IFC has been mobilizing substantial financing for Mexican companies through loan syndications and a range of financial instruments.

IFC is adapting its strategy in several countries troubled by recession and economic uncertainty. For example, in Brazil, IFC assisted in the financial restructuring of sound companies that have taken on excessive short-term debt, and in the industrial restructurings of companies, including mergers and acquisitions, to help strengthen local companies' international competitiveness as Brazil opens its market. IFC is also actively supporting the privatization process in Argentina and Brazil. In Argentina, IFC has helped arrange financing to enable two private companies to bid in Government-sponsored auctions for public asset divestiture in the petrochemicals and hydrocarbons sectors.

With respect to capital markets, IFC's strategy in countries with relatively sophisticated financial systems but limited access to foreign capital—for example, Argentina, Brazil, Chile, Colombia, Mexico, and Venezuela—is to build on its success in promoting debt conversion funds by sponsoring additional vehicles for foreign portfolio investment, as well as by underwriting international securities issues by individual companies and banks. IFC is also developing projects involving sophisticated financial mechanisms such as rating agencies, bond facilities, pension fund management, and asset securitization. In countries such as Costa Rica, Paraguay, and Venezuela, IFC is financing smaller, export-oriented enterprises indirectly, through the use of credit lines.

IFC helped place a $50 million issue of subordinated convertible debentures by Mexican cement producer Apasco, S.A. de C.V.

In the smaller economies, which are generally characterized by less developed financial and securities markets, IFC is concentrating on the creation of financial institutions, in particular, specialized financial intermediaries such as leasing companies.

To help entrepreneurs in the smaller Caribbean and Central American economies raise financing for projects, in 1981 IFC set up a business advisory service whose activities are described on p. 54.

Project Financing and Resource Mobilization

In FY91, IFC approved 45 projects in 11 countries in Latin America and the Caribbean, compared with 29 projects in 10 countries in FY90. At June 30, 1991, the Corporation's committed portfolio included loans and investments for 163 companies in 23 countries in the region, compared with 162 companies in 21 countries at June 30, 1990.

	FY91	FY90
	(US$ millions)	
Financing for IFC's account	$ 502	$ 550
Loans and guarantees	352	453
Equity and quasi-equity	150	97
Direct mobilization	384	185
Loan syndications	361	157
Underwriting	23	28
Indirect mobilization	2,354	3,454
Committed portfolio	2,287	2,082
Loans and guarantees	1,980	1,819
Equity and quasi-equity	307	263

Large and medium-size enterprises

IFC is increasingly emphasizing the mobilization of financial resources for large infrastructure projects, traditionally the province of the public sector. For example, in FY91 IFC approved $37 million in direct and syndicated financing for Hidroeléctrica Aconcagua, a 72.6-megawatt hydroelectric plant in Chile. IFC also helped arrange the placement of a $98.3 million international equity offering by

BUSINESS ADVISORY SERVICE FOR THE CARIBBEAN AND CENTRAL AMERICA (CBAS)

CBAS (formerly known as the Caribbean Project Development Facility—CPDF) provides wide-ranging business advisory services to entrepreneurs in 27 countries and territories. CBAS's primary function is to help clients obtain debt and equity financing for business expansion or new businesses. During 1990 the Service arranged $38.2 million in loan and equity financing for several clients. It was retained by 14 companies in all last year.

CBAS maintains a full-time office in Barbados to serve the Eastern Caribbean, and has representative arrangements with business promotion organizations in the Dominican Republic, Guatemala, Honduras, and Jamaica. Its operations are tailored to the diverse economies in the region, and are aimed at a broad range of both larger and smaller businesses.

Funding for the Service is provided by IFC, the Inter-American Development Bank, UNDP, and the Governments of Canada, Germany, Japan, the Netherlands, and the United States. A growing part of CBAS's expenses are covered by fees paid by its clients. In 1990 it earned nearly $550,000 in success fees, an increase of more than 120 percent over the previous year. Through its Advisory Board, the Service benefits from the experience of outstanding leaders in business and public life in the Caribbean and Central America.

Examples of Projects

Costa Rica
The Service is securing finance for the expansion of **Banatan,** a banana company. The company, which is owned by Latin American investors, will prepare new land to bring an additional 1,015 acres of bananas into production, and construct new grading, packing, and storage facilities.

Dominican Republic
CBAS is arranging a $10 million funding package for **ADEMI,** a lending institution for micro-enterprises. ADEMI reaches over 7,500 micro-entrepreneurs—for example, street vendors and craftsmen—with loans averaging about $300 each. The institution is highly successful, with a near-perfect loan collection record and consistently profitable operations. CBAS will help ADEMI fund its five-year expansion program.

Grenada
The Service designed the financing plan for **Liberty Club,** a 100-room resort hotel. It then helped secure long-term financing of approximately $10.7 million for the project and assisted in the structuring of a partnership arrangement between the Grenadian sponsor and a hotel operator from St. Lucia.

Trinidad and Tobago
The Service was retained by the sponsors of **TILECO,** a plant manufacturing ceramic floor tiles. The Service brought a U.S. tile manufacturer and a major Trinidadian business group into the venture, and helped raise approximately $16 million. The project will create at least 100 new jobs and produce 1.2 million square meters of tile annually.

Compañía de Teléfonos de Chile (CTC) to raise capital for CTC's $1.1 billion five-year investment program. This public issue of American Depositary Receipts is listed on the New York Stock Exchange.

Mexican companies now account for the largest share of IFC's loan and equity portfolio. In FY91 IFC approved a loan of $100 million, of which $75 million is being syndicated, to help Grupo Industrial Bimbo, a 100 percent Mexican-owned producer of bread, finance a program to expand and modernize its facilities and thereby improve its competitiveness in the local market. This is the first time this company has accessed international capital markets. IFC also helped structure and place an international equity offering by Grupo Condumex, S.A. de C.V., an auto parts and electrical supplier.

IFC provided $136 million in loans and equity—of which up to $101 million was syndicated—to Vitro Flotado, a Mexican glass producer, to help finance a new float glass plant. This was the largest syndication of new long-term commercial bank lending for a Mexican company since the early 1980s. IFC arranged a currency swap for another Mexican company, Indelpro, as a hedge against foreign exchange risk. IFC also approved equity and quasi-equity investments of $17 million and arranged a syndicated loan of $52 million to help finance a project by Celular de Telefonia to design, install, and operate a cellular telephone system in Monterrey and northeast Mexico.

IFC helped place a $50 million subordinated convertible debenture in the international markets for Apasco, S.A. de C.V., a leading Mexican cement producer. This is the first time a subordinated convertible debenture by a Mexican company has been issued in the international markets. In addition IFC approved a $20 million bridge loan exchangeable with the debentures after they are issued.

IFC approved a $20 million equity investment in Corimon, C.A. S.A.C.A., a diversified chemicals company in Venezuela, to support the modernization and expansion of its facilities. It also approved a $13 million equity investment in Grupo Zuliano, C.A., a diversified petrochemicals group embarking on a $549 million investment program. To help finance the privatization and modernization of the float glass facility of C.V.G. Vidrios Monagas S.A. (Vimosa), IFC approved a loan of $15 million for its own account and arranged a syndicated loan for the same amount. IFC also approved a loan and quasi-equity investment totaling $14.3 million and a syndicated loan of $18 million to help finance the construction of a new plant by Eka Nobel de Venezuela (ENV), a hydrogen-peroxide producer.

IFC approved $25 million in loan and quasi-equity financing for its own account and a syndicated loan of $20 million to help finance the $171 million investment program of Astra C.A.P.S.A., a vertically integrated, private energy concern in Argentina. Astra's investment program will finance oil and gas exploration and development, expansion of Astra's downstream activities, and joint-venture participations in the privatization of oilfields belonging to YPF, the public energy company. This is the third project undertaken by Astra for which IFC has approved financing.

IFC's Board approved a second investment in the Chirete/Morillo/Olleros Oil Exploration Program in Argentina, to develop the Cuchuma-South oil discovery, made in 1990, and to finance further exploration of the block. IFC has a 15 percent interest in the discovery, which is estimated to contain recoverable reserves of about 1 million barrels of oil. The field began producing in April 1991.

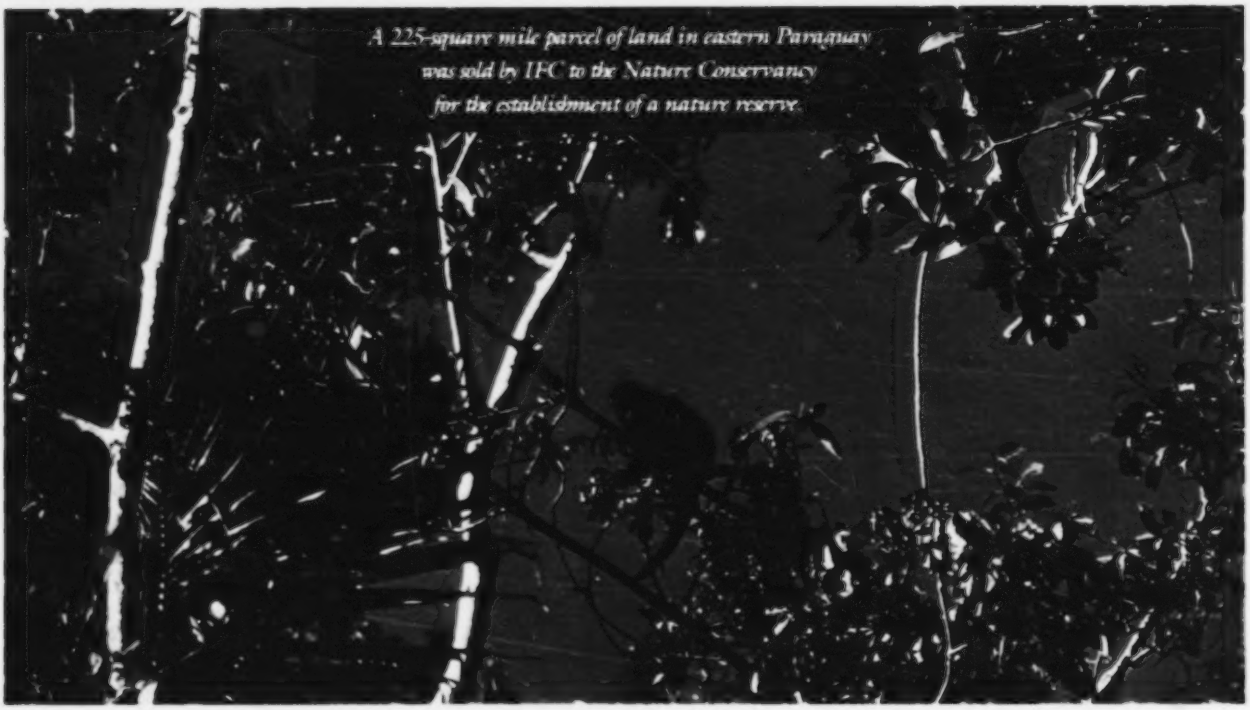
In October 1990, the Argentine Government initiated its privatization program in the petrochemical sector by auctioning its equity stakes in Polisur S.M. and two other companies in the Bahia Blanca Petrochemical Complex. IFC assisted IPAKO—a major shareholder in Polisur as well as an IFC client—in the financing of its bid offer. IFC approved $9 million in syndicated debt financing from foreign commercial banks, and purchased equity in Polisur for its own account. IFC also provided a $1 million loan to finance the acquisition of Polisur shares by employees. IFC will eventually sell its equity stake in Polisur on the local stock exchange.

IFC approved investments in two oil exploration projects in Bolivia. The Suarez-Arana Petroleum Exploration Program is being undertaken in partnership with Phillips Petroleum in the Suarez-Arana Block in Bolivia. IFC has a 15 percent interest in the venture. IFC also acquired a 15 percent interest in the Bermejo Petroleum Development and Exploration Project and approved a loan of $4 million. IFC is helping finance the development of existing oil and gas fields, which are estimated to contain recoverable reserves in excess of 200 billion cubic feet of natural gas and 5 million barrels of oil and condensate, as well as further exploration of the Bermejo area. Partners include Pluspetrol, an Argentine company that will operate the field, and Petrotec, one of Bolivia's first privately held oil and gas companies.

Also in Bolivia, IFC approved a loan of $2.2 million and an equity investment of $350,000 for Central Aguirre Portuaria S.A. (Puerto Aguirre), to help finance the expansion of port facilities. The port opens up a landlocked nation and serves as an attractive outlet to the Atlantic Ocean along the Paraguay/Parana River, an international waterway. This project represents a pioneering private sector initiative in infrastructure development.

Capital markets projects

IFC approved a number of projects in the financial sector in Latin America and the Caribbean. To strengthen the competitiveness of Brazilian industries, IFC approved a $60 million joint investment-banking operation with Bradesco, a leading private Brazilian bank, to provide financing in the form of convertible loans. These loans will be used for debt restructuring, long-term working capital, and term lending for modernization investments aimed at enhancing the productivity and international competitiveness of Bradesco's client companies. Bradesco is to match IFC financing in a 2:1 ratio.



A 225-square mile parcel of land in eastern Paraguay was sold by IFC to the Nature Conservancy for the establishment of a nature reserve.

IFC underwrote and placed part of the $72 million Mexico Equity and Income Fund. At least 50 percent of the fund will be invested in U.S. dollar-denominated convertible securities to be issued by Mexican companies; the remaining 50 percent will be invested in equity securities listed on the Mexican stock exchange. IFC also approved an investment in the Commonwealth Equity Fund Limited, which is investing in developing Commonwealth countries. In the Caribbean, the fund will invest in Barbados, Jamaica, and Trinidad and Tobago.

IFC approved several credit lines, including a $10 million credit line to Banco Bice in Chile, a $10 million credit line to Banco de Crédito Argentino S.A. in Argentina, and an $8 million agency credit line to Banco Roberts in Argentina. A $20 million credit line was extended to a Venezuelan finance company, Sociedad Financiera Mercantil, C.A. and an equity investment was made in Financorp, a Venezuelan investment bank. A Multi-Country Loan Facility established with Crédit Lyonnais of France will make loans in foreign currency to small and medium-size companies in Chile and Venezuela.

In addition to investing directly in commercial financial institutions, IFC promotes capital market development. For instance, in 1990 IFC persuaded Mantos Blancos, a client company, to open its capital structure. Mantos Blancos is Chile's first publicly traded copper company. IFC sold its 16 percent ownership in the company in the local stock markets over a six-month period and realized a significant capital gain.

Advisory Services and Technical Assistance

Technical assistance provided by the **Capital Markets Department (CMD)** in Latin America and the Caribbean has been extremely diversified. Assistance in the future is expected to focus on encouraging countries to adopt the appropriate regulatory and legislative frameworks for the development of capital market activities. When appropriate, assistance will be provided with specific regulatory or fiscal issues related to encouraging new foreign investment and the development of the pension and insurance industries. IFC is currently providing technical assistance in Argentina, Bolivia, Brazil, Colombia, Mexico, and Venezuela.

THE CREATION OF A NATURE RESERVE

In May 1991 IFC's Board approved the sale of 58,000 hectares of land in Paraguay to the Nature Conservancy and a Paraguayan organization, the Fundación Moises Bertoni para la Conservación de la Naturaleza, which will use the land to establish a nature reserve. The land, acquired by IFC through a foreclosure in 1979, is covered by one of the few remaining large stands of dense humid sub-tropical forest in Latin America and is contained within a larger area that was once the habitat of the nomadic Ache Indians. In view of its ecological significance and the needs of the local indigenous population, IFC sold the land for $2 million, less than its market value. IFC estimates the parcel of land would be worth $5–$7 million if sold to developers for commercial logging or agriculture.

The land, which is located in the eastern part of Paraguay, is known in biological circles as a "genetic life boat." It is unique because it is virtually the largest undisturbed piece of sub-tropical rainforest in Latin America, and it is a vital haven for numerous species that have disappeared from the Atlantic rainforest. Surveys have identified 19 natural plant communities including a variety of threatened and endemic species. Endangered mammals found in the area include tapirs, jaguars, howler monkeys, giant armadillo, and peccary. Rare birds such as the king vulture, barefaced curassow, large macaw, and barethroated bellbird have been sighted.

Since it gained title to the land following the bankruptcy of a timber company, IFC has expended substantial resources to maintain the land in its virgin state. IFC was initially approached by the Nature Conservancy in 1987. It has held extensive negotiations with the Nature Conservancy; the Nature Conservancy's local partner, the Fundación Moises Bertoni, which will operate the reserve; and the Government of Paraguay, which has strongly supported the creation of a nature reserve.

IFC has made it a condition of the sale that the land be used solely as a nature preserve; that this restriction be placed on any resale; and that the land be granted "nature reserve in perpetuity" status by the Government of Paraguay. The Government of Paraguay has agreed to provide legal protection against any actions inconsistent with the land's status as a permanent nature reserve. The environmental groups involved have agreed to allow the Ache Indian population to use the land for traditional hunting and gathering activities.

Also, as part of a program coordinated by the World Bank aimed at liberalizing the financial sector in Central America, IFC is evaluating the development of capital markets in Costa Rica, El Salvador, and Panama. IFC is also helping Mexico and Venezuela with capital market development.

IFC's **Corporate Finance Services Department** has been retained by Oxiteno S.A. to value Oxiteno, the sole producer of ethylene oxide in Brazil, and the operating assets of Ultraquimica Participações, S.A., a producer of a wide variety of specialty chemicals, in the context of combining the two companies' operations. IFC has also visited Argentina, Bolivia, Ecuador, Paraguay, Uruguay, and Venezuela and held discussions with government officials about the possibility of playing an advisory role in privatizations in these countries. IFC is continuing discussions with government authorities and private sector sponsors in Argentina, Brazil, and Chile.

The **Investment Department** provided technical assistance to a number of companies, including Cedetel and Aislantes León in Mexico, Nitroriente in Venezuela, and la Loma in Colombia. In addition, the department, in collaboration with the **Foreign Investment Advisory Service (FIAS),** provided advice to the Venezuelan authorities on Venezuela's debt-equity swap program with respect to larger projects.

FIAS launched its program in this region in FY91. It sponsored a UNDP-supported conference on investment policy issues in Central American and Caribbean countries. The conference, which attracted 35 participants from 20 countries, served as the basis for identifying areas in which FIAS could provide advice in these countries. Following the conference, FIAS completed a project in Venezuela to help structure an investment promotion agency; it has also undertaken projects in Honduras and Uruguay to identify policies affecting foreign direct investment flows to these countries.

APPROVALS IN LATIN AMERICA AND THE CARIBBEAN

(US$ millions as of June 30, 1991)

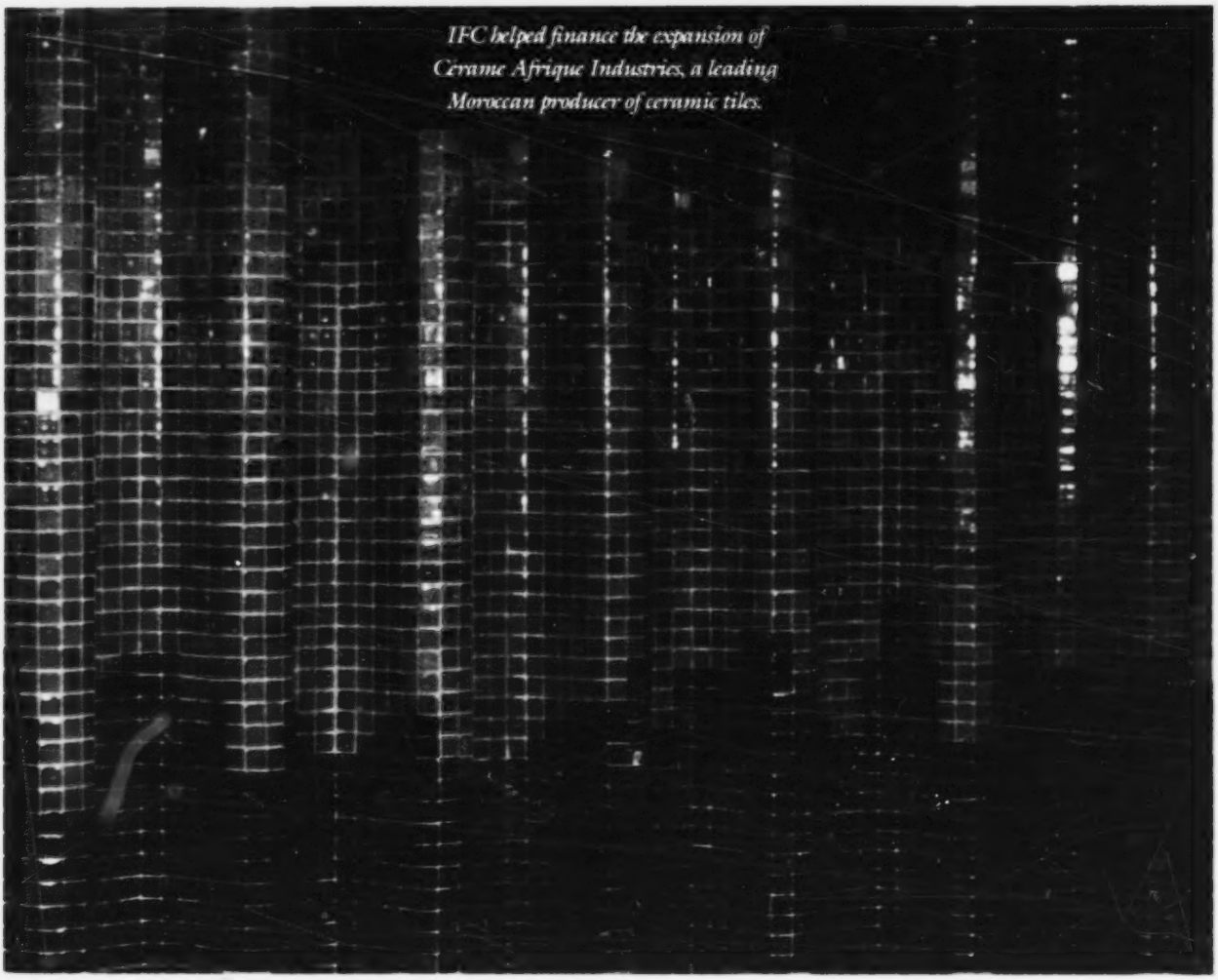
Projects approved in fiscal year 1991		*Financing Approved*	*Project Cost*
Argentina			
*Astra Compañía Argentina de Petroleo S.A.** plans to invest in exploration and development, and to participate in joint ventures in privatized oilfields.	Loan	10.0	
	Equity	–	
	Quasi-equity	15.0	
	Syndications	20.0	
	Total	45.0	171.0
IFC has extended a $10 million credit line to *Banco de Crédito Argentino S.A.* for onlending to export-oriented private enterprises.	Loan	10.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	10.0	27.0
IFC has approved an agency credit and equity line to *Banco Roberts** to be used for making loans to, and investments in, small and medium-size private companies.	Loan	6.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Underwriting	2.0	
	Total	8.0	16.0
IFC approved its second investment in the *Chirete/Morillo/Olleros Oil Exploration Program** to develop the Cuchuma-South discovery and test additional prospects.	Loan	–	
	Equity	1.4	
	Quasi-equity	–	
	Syndications	–	
	Total	1.4	9.2
Copetro S.A. will double the capacity of its calcinated petroleum coke plant to 400,000 metric tons per year.	Loan	6.0	
	Equity	–	
	Quasi-equity	2.0	
	Syndications	11.0	
	Total	19.0	22.0
IFC helped design the comprehensive financial restructuring of *Juan Minetti S.A.,** Argentina's second largest cement producer.	Loan	–	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Standby facility	2.0	
	Total	2.0	2.0
IFC exercised its pre-emptive rights in a common share equity issue by *Massuh S.A.,** Argentina's most successful pulp and paper producer.	Loan	–	
	Equity	–	
	Quasi-equity	1.8	
	Syndications	–	
	Total	1.8	89.8
IFC helped Ipako Industrias Petroquímicas Argentinas, S.A., a major shareholder in *Polisur,* finance its bid offer.	Loan	1.0	
	Equity	7.0	
	Quasi-equity	–	
	Syndications	9.0	
	Total	17.0	21.2
Bolivia			
IFC will intermediate a currency swap for *Banco Industrial S.A. (BISA).** IFC will swap a NLG 10 million fixed-rate loan to BISA from FMO Netherlands, into floating rate cash flows in U.S. dollars.	Loan	–	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Swap guarantee	0.9	
	Total	0.9	0.9
The *Bermejo Petroleum Development and Exploration Project** includes the development of a gas/condensate field and further exploration.	Loan	4.0	
	Equity	5.9	
	Quasi-equity	–	
	Syndications	–	
	Total	9.9	39.0
Central Aguirre Portuaria S.A. will expand its storage and handling capacity, build space for a free trade zone, and refinance its existing debt.	Loan	2.2	
	Equity	0.4	
	Quasi-equity	–	
	Syndications	–	
	Total	2.6	4.9
Bolivia's first compressed natural gas producer, *Genex S.A.,* will install four stations in Santa Cruz with annual capacity of 31 million cubic meters.	Loan	1.5	
	Equity	1.1	
	Quasi-equity	–	
	Syndications	–	
	Total	2.6	7.6
Minproc Bolivia S.A., a promotional company, will carry out a pilot test and prepare a feasibility study for a zinc, lead, and silver tailings reclamation project.	Loan	0.3	
	Equity	0.7	
	Quasi-equity	–	
	Syndications	–	
	Total	1.0	80.0
The *Suarez-Arana Petroleum Exploration Program* consists of seismic and geological studies and two exploratory wells. An additional well may be drilled later.	Loan	–	
	Equity	6.0	
	Quasi-equity	–	
	Syndications	–	
	Total	6.0	40.0
Brazil			
IFC made a second equity investment, for $6 million, in *Bahia Sul Celulose S.A.,** an integrated pulp and paper mill.	Loan	–	
	Equity	6.0	
	Quasi-equity	–	
	Syndications	–	
	Total	6.0	302.8
IFC approved an agency line for *Bradesco,* a leading private commercial bank.	Loan	60.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	20.0	
	Total	80.0	180.0
Excel Industria e Participações S.A. (EXCEL) will increase production of PET bottles and bottle-grade resin polymer.	Loan	20.0	
	Equity	5.0	
	Quasi-equity	–	
	Syndications	–	
	Total	25.0	130.4
Chile			
Banco Bice will use the proceeds of a credit line from IFC to finance medium-size exporting enterprises in Chile.	Loan	10.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	10.0	10.0
IFC has approved a $10 million agency credit line to *Banco O'Higgins* for onlending to small and medium-size enterprises, mainly in the export sectors.	Loan	10.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	10.0	10.0
Bosques y Maderas S.A. (Bomasa) will complete construction of its plywood plant and expand its specialty plywood operation.	Loan	5.5	
	Equity	2.0	
	Quasi-equity	–	
	Syndications	6.0	
	Total	13.5	30.2
CAP S.A. de Inversiones will build and operate a greenfield plant to produce 100,000 cubic meters annually of medium-density fiberboard for export.	Loan	14.0	
	Equity	1.5	
	Quasi-equity	2.0	
	Syndications	–	
	Total	17.5	63.6
Hidroeléctrica Aconcagua S.A., a new subsidiary of Guardia Vieja, a private utility company, will construct a 72.6-megawatt hydroelectric plant.	Loan	8.0	
	Equity	6.0	
	Quasi-equity	–	
	Syndications	17.0	
	Standby facility	6.0	
	Total	37.0	82.0
In FY88 IFC provided financing to *Minera Escondida S.A.,** a major copper exporter. In FY91 IFC approved guarantees on some of Escondida's obligations, incurred during project implementation.	Loan	–	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Guarantee	9.7	
	Total	9.7	9.7
Puerto Ventanas S.A. will expand its port facilities to accommodate larger ships and improve its bulk handling facilities.	Loan	5.0	
	Equity	5.0	
	Quasi-equity	–	
	Syndications	12.0	
	Total	22.0	46.0

Projects approved in fiscal year 1991		Financing Approved	Project Cost
Colombia			
IFC participated in a rights issue by *Leasing Bolivar.**	Loan	–	
	Equity	◆	
	Quasi-equity	–	
	Syndications	–	
	Total	◆	◆
Costa Rica			
IFC has approved an investment in *Corporación Banex, S.A.* and a credit line to BISA, a subsidiary of Banex, for onlending to small and medium-size private enterprises.	Loan	5.0	
	Equity	0.9	
	Quasi-equity	–	
	Syndications	–	
	Total	5.9	6.0
Dominican Republic			
IFC approved financing to support the construction of the *Melia Bavaro Hotel.*	Loan	10.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	6.0	
	Total	16.0	40.3
Mexico			
IFC helped place an international subordinated convertible debenture by *Apasco, S.A. de C.V.**, and approved a bridge loan to be converted into subordinated convertible debentures at the time of issue.	Loan	–	
	Equity	–	
	Quasi-equity	20.0	
	Syndications	–	
	Total	20.0	166.0
Celular de Telefonía, S.A. de C.V. (CEDETEL) is embarking on a project involving the design, installation, and operation of a cellular telephone system serving northeastern Mexico.	Loan	2.5	
	Equity	2.0	
	Quasi-equity	10.0	
	Syndications	48.0	
	Standby facility	2.5	
	Total	65.0	68.5
IFC is assisting in the restructuring of *Conductores Monterrey, S.A. de C.V.,** a major manufacturer of copper and aluminum wire and cable products.	Loan	3.4	
	Equity	–	
	Quasi-equity	–	
	Syndications		
	Total	3.4	3.4
IFC approved a loan to facilitate exports of crushed limestone from the *Crescent Market Aggregates** project.	Loan	13.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	13.0	51.7
IFC will help structure and place the first international equity offering by *Grupo Condumex, S.A. de C.V.** and increase a syndicated loan approved in FY90.	Loan	–	
	Equity	9.5	
	Quasi-equity	–	
	Syndications	3.0	
	Total	12.5	52.5
Grupo Industrial Bimbo, S.A. de C.V., a producer of bakery products, is improving operating and distribution efficiency and expanding capacity.	Loan	25.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	75.0	
	Total	100.0	256.0
IFC intermediated a currency and interest rate swap for *Indelpro, S.A. de C.V.,** allowing the company to convert a fixed-rate Dutch Guilder loan exposure into a floating rate U.S. dollar exposure.	Loan	–	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Swap guarantee	6.1	
	Total	6.1	16.0
The Mexico Equity and Income Fund, Inc. will invest in convertible debt securities and equities issued by Mexican companies.	Loan	–	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Underwriting	6.0	
	Total	6.0	72.00
*Vitro, S.A.**, one of Mexico's strongest industrial groups, made an international equity offering of $73 million, of which IFC underwrote $15 million.	Loan	–	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Underwriting	15.0	
	Total	15.0	73.0

Projects approved in fiscal year 1991		Financing Approved	Project Cost
*Vitro Flotado, S.A. de C.V.** will construct a float glass plant with annual production capacity of 85,000 tons and expand its existing float glass plant.	Loan	25.0	
	Equity	10.0	
	Quasi-equity	–	
	Syndications	101.0	
	Total	136.0	170.0
Paraguay			
A credit line to *Banco Unión, S.A. de Inversión y Fomento* will provide long-term financing for expansion and modernization projects of small and medium-size companies.	Loan	5.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	5.0	22.5
St. Lucia			
IFC approved a loan of $3.7 million to *Club St. Lucia (Smugglers Village), Ltd.* to help finance the Club's $10 million expansion program.	Loan	3.7	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	3.7	10.0
Uruguay			
Granja Avícola Moro (Granja Moro) will modernize its integrated poultry operations, double output, refinance its debt, and broaden its product line.	Loan	4.5	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	4.5	17.8
Venezuela			
IFC approved an investment in *Corimon, C.A. S.A.C.A.*, which is modernizing and expanding its chemical and packaging divisions and developing an industrial park.	Loan	–	
	Equity	10.0	
	Quasi-equity	–	
	Syndications	–	
	Standby equity	10.0	
	Total	20.0	91.0
Eka Nobel de Venezuela, C.A. is constructing a hydrogen peroxide plant in Santa Cruz with production capacity of 10,000 tons per year.	Loan	9.3	
	Equity	–	
	Quasi-equity	5.0	
	Syndications	18.0	
	Total	32.3	52.3
Financorp's capital increase will enable the financial services company to broaden its domestic and cross-border merchant banking services.	Loan	–	
	Equity	0.6	
	Quasi-equity	–	
	Syndications	–	
	Total	0.6	4.0
IFC approved an equity investment in *Grupo Zuliano, C.A.*, a diversified petrochemicals group.	Loan	–	
	Equity	13.0	
	Quasi-equity	–	
	Syndications	–	
	Total	13.0	549.0
IFC approved a credit line to *Sociedad Financiera Mercantil, C.A.* for onlending to small and medium-size projects.	Loan	20.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	20.0	80.0
IFC approved a loan to *C.V.G. Vidrios Monagas, S.A. (Vimosa)* to finance construction of a greenfield float glass plant.	Loan	15.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	15.0	
	Total	30.0	65.8
World			
The 10-year, closed-end *Commonwealth Equity Fund* will invest in developing Commonwealth countries in the region.	Loan	–	
	Equity	7.5	
	Quasi-equity	–	
	Syndications	–	
	Total	7.5	57.0
Through a *Multi-Country Loan Facility*, IFC and Crédit Lyonnais will provide foreign exchange loans to small and medium-size companies in Chile and Venezuela.	Loan	25.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	25.0	
	Total	50.0	50.0

* IFC has made one or more previous investments in or loans to this company.

◆ Rights issue not included in total number of project approvals.



IFC helped finance the expansion of Cérame Afrique Industries, a leading Moroccan producer of ceramic tiles.

REGIONAL REPORTS

MIDDLE EAST AND NORTH AFRICA

Investment Climate

Economic conditions and the prospects for private investment vary considerably from country to country in the Middle East and North Africa. The Gulf conflict disrupted trade and led to sharp drops in workers' remittances and earnings from tourism as well as higher bills for oil imports. The countries most affected were Egypt, Jordan, and the Republic of Yemen.

Fortunately, the Gulf crisis was of short duration, and the outlook for most countries is positive. Tourism and workers' remittances are expected to rebound to pre-crisis levels within the next year in Egypt, Morocco, and Tunisia. These countries are all continuing to deregulate and restructure their economies.

Egypt demonstrated its commitment to further liberalization by removing controls on interest rates and foreign exchange transactions. It also reached an agreement with the IMF, which will help the country to implement further economic reforms. Egypt has been granted debt relief by the Paris Club.

The effects of the Gulf crisis on Jordan and Yemen are expected to last longer, with workers' remittances and official assistance remaining depressed for some time. However, in Yemen, the successful unification of the north and south is expected to lead to new investment opportunities in tourism, mining, and fisheries, and the free trade zone in Aden could attract some manufacturing enterprises.

Growth is resuming in Algeria, Morocco, and Tunisia, which have all undertaken successful structural reform programs. Morocco and Tunisia are expected to have growth rates of around 4.5 percent in 1991.

IFC's Role and Strategy

At the beginning of FY91, IFC created the Department of Investments in the Middle East and North Africa to enhance its capabilities in the region. As countries deregulate their economies and improve the environment for private sector activity, demand for IFC services, project finance as well as advice, is growing. Algeria joined IFC early in the fiscal year.

IFC's financing activities in the region are focused on foreign exchange earning projects; companies being privatized; and companies producing goods for regional markets.

Capital markets are underdeveloped throughout the region. There are few investment banks or other financial institutions. Consequently, long-term financing for private companies is scarce. IFC is thus devoting increased resources to helping countries in the region develop their financial sectors.

Project Financing and Resource Mobilization

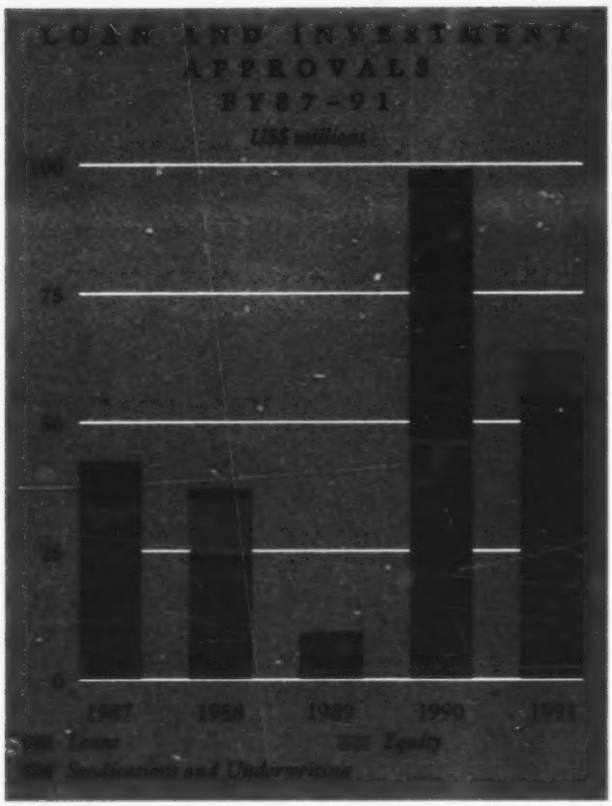
In FY91, IFC approved eight projects in four countries in the Middle East and North Africa, compared with three projects in two countries in FY90. At June 30, 1991, the Corporation's committed portfolio included loans and investments for 40 companies in 7 countries in the region, compared with 38 companies in 6 countries at June 30, 1990.

	FY91	FY90
	(US$ millions)	
Financing for IFC's account	$ 64	$ 47
Loans and guarantees	55	45
Equity and quasi-equity	9	2
Direct mobilization: loan syndications		52
Indirect mobilization	223	119
Committed portfolio	222	234
Loans and guarantees	169	182
Equity and quasi-equity	53	52

Large and medium-size enterprises

In Egypt, IFC approved a loan of $6.2 million to complete the financing of a $28 million paper mill. The sponsor, Al Bardi Paper Mill Co., will build and operate a mill with the capacity to produce 20,000 tons annually of tissue paper from imported pulp and waste paper. Approximately 70 percent of the mill's production will be exported to neighboring countries.

In North Africa, IFC assisted in the privatization of a textile plant in Tunisia belonging to the SOGITEX group, a government holding company. The company, Société Monastirienne des Textiles (SOMOTEX) Internationale, S.A., will specialize in the production of specialty workwear (uniforms and protective clothing). IFC helped SOMOTEX Internationale find a foreign partner, Klopman, a subsidiary of Dominion Textile of Canada. It also made an equity investment of $1.3 million equivalent and a loan of $4 million equivalent to help finance SOMOTEX Internationale's modernization and expansion program.



For the first time in over 25 years, IFC approved financing for a project in Mauritania. With a loan of $3 million and equity and quasi-equity investments of $1 million, IFC will help finance the construction and operation of an $18 million gold extraction and processing plant by Société Minière d'Akjoujt (MORAK), a joint venture between MINPROC Holdings of Australia and SAMIN, a public Mauritanian company. It is expected that $65 million worth of gold will be extracted over a five-year period from copper oxide tailings from the now inactive Akjoujt copper mine. IFC encouraged the participation of FMO and DEG in the project, each of which will provide a $3 million loan.

Capital markets projects

IFC approved an equity investment of $2.5 million in Egyptian Tourism Investment Company (ETIC), the Middle East's first debt-equity fund. IFC helped the project sponsor, the Egyptian Finance Corporation, structure the fund, which will swap eligible sovereign debt for shares in tourism projects.

IFC intermediated a currency swap for the Alexandria National Iron and Steel Company (ANSDK), a producer of steel reinforcing bars. Most of ANSDK's revenues are in U.S. dollars, while most of its debt is denominated in yen. To hedge against appreciation of the yen, the company is swapping two yen-denominated loans into U.S. dollar cash flows. This will strengthen the company's financial position, making it easier for ANSDK to mobilize capital in the international markets for new investment and eventual privatization.

IFC approved a Multi-Country Loan Facility with Banque Nationale de Paris, making foreign exchange lending available to small and medium-size companies in Morocco and Tunisia.

Advisory Services and Technical Assistance

IFC's **Capital Markets Department** provided technical assistance to the Tunis Stock Exchange during the fiscal year, concluding a two-year project funded by UNDP. In Algeria, IFC embarked on an advisory program to help the Government develop a regulatory framework for leasing operations and a corporate stock market. In Egypt, as part of the World Bank's public enterprise reform project, IFC advised the Government on strengthening local stock markets.

The **Corporate Finance Services Department (CFS)** provided general advice to the Moroccan Ministry of Economic Affairs and Privatization on the Government's privatization program and on the availability of funding from bilateral organizations. IFC also held discussions with government officials in Egypt on the possibility of IFC's playing an advisory role in the privatization of a number of enterprises.

As described under Project Financing, the **Investment Department for the Middle East and North Africa** assisted in the privatization of a textile company in Tunisia in FY91. This was IFC's third privatization in Tunisia's textile sector.

In FY91 the **Foreign Investment Advisory Service (FIAS)** completed a diagnostic study of the foreign investment climate in Egypt that identified the main impediments to an increase in the flow of foreign direct investment (FDI). The report recommended policy measures to improve Egypt's investment environment.

FIAS reviewed the investment climate in Morocco with special emphasis on the promotional efforts and institutional arrangements affecting FDI. In Tunisia, FIAS is engaged in a project dealing with institutional development and promotional strategy relating to FDI. A similar project was completed in Saudi Arabia during the fiscal year.

APPROVALS IN THE MIDDLE EAST AND NORTH AFRICA

(US$ millions as of June 30, 1991)

Projects approved in fiscal year 1991		*Financing Approved*	*Project Cost*
Egypt			
Al Bardi Paper Mill Co. will operate a paper mill producing 20,000 tons of tissue paper per year and a converting plant with capacity of 3,000 tons per year.	Loan	6.2	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Total	6.2	27.5
IFC intermediated a currency swap on behalf of *Alexandria National Iron and Steel Co. (ANSDK).** IFC swapped yen-dominated fixed-rate loans into fixed-rate U.S. dollar cash flows.	Loan	–	
	Equity	–	
	Quasi-equity	–	
	Syndications	–	
	Swap guarantee	33.0	
	Total	33.0	94.0
Egyptian Tourist Investment Company (ETIC), the first debt-to-equity conversion fund in the Middle East, will invest in private enterprises in Egypt's tourism sector.	Loan	–	
	Equity	2.4	
	Quasi-equity	–	
	Syndications	–	
	Total	2.4	20.0
IFC is helping finance the construction of the *Victoria Hotel,* a 288-room resort in Sharm-el Sheikh at the southern tip of the Sinai Peninsula.	Loan	5.3	
	Equity	0.5	
	Quasi-equity	–	
	Syndications	–	
	Total	5.8	19.0
Mauritania			
A joint venture company, *Société Minière d'Akjoujt (MORAK),* is being created to recover gold from the tailings of the inactive Akjoujt copper mine.	Loan	3.0	
	Equity	0.8	
	Quasi-equity	0.4	
	Syndications	–	
	Total	4.2	17.5
Morocco			
Cérame Afrique Industries is adding a third production line, increasing annual production capacity of floor tiles to 2.3 million square meters.	Loan	3.3	
	Equity	1.6	
	Quasi-equity	–	
	Syndications	–	
	Total	4.9	23.8
Société Palm Bay (SPB) will design a tourist resort in Agadir. SPB will provide the infrastructure, develop three golf courses, and build 100 villas. It will also prepare the land and sell it to hotel developers and private investors.	Loan	–	
	Equity	1.8	
	Quasi-equity	–	
	Syndications	–	
	Total	1.8	66.7
Tunisia			
IFC is participating in a rights issue for *Adwya S.A.,** which is expanding a production unit for manufacturing betalactamine and broadening its product line.	Loan	–	
	Equity	0.1 +	
	Quasi-equity	–	
	Syndications	–	
	Total	0.1	1.5
IFC is participating in a project to privatize *Société Monastirienne des Textiles (SOMOTEX) Internationale, S.A.,* which is expanding its production facilities.	Loan	4.0	
	Equity	1.3	
	Quasi-equity	–	
	Syndications	–	
	Total	5.3	17.4
World			
Through a *Multi-Country Loan Facility,* IFC and Banque Nationale de Paris will provide foreign exchange loans to small and medium-size companies in Morocco and Tunisia.	Loan	25.0	
	Equity	–	
	Quasi-equity	–	
	Syndications	25.0	
	Total	50.0	50.0

* IFC has made one or more previous investments in, or loans to, this company.
+ As a rights issue below $250,000, this project is not included in the total number of projects approved in FY91.

FINANCIAL REVIEW

Fiscal year 1991 was another year of solid financial growth for IFC. Net income, at $166 million, was the second highest in IFC's history. Income from IFC's loan and equity portfolio and liquid asset portfolio was higher than in FY90, and service fees increased as IFC continued to expand its advisory services. IFC made successful borrowings in four currencies in the international financial markets during FY91.

INCOME

Total income was $695 million in FY91, up from $585 million in FY90. However, the growth in income was offset by an increase in operating expenses, which came to $529 million in FY91, compared with $428 million in FY90. Net income was $166 million, surpassed only in FY89 when IFC realized exceptional capital gains on sales of equity investments.

Income from IFC's loan portfolio in FY91 was $348 million, up from $297 million in FY90, in line with the growth of the portfolio. The collection rate of interest payments continued to improve despite a small increase in the dollar volume of the non-performing portfolio.

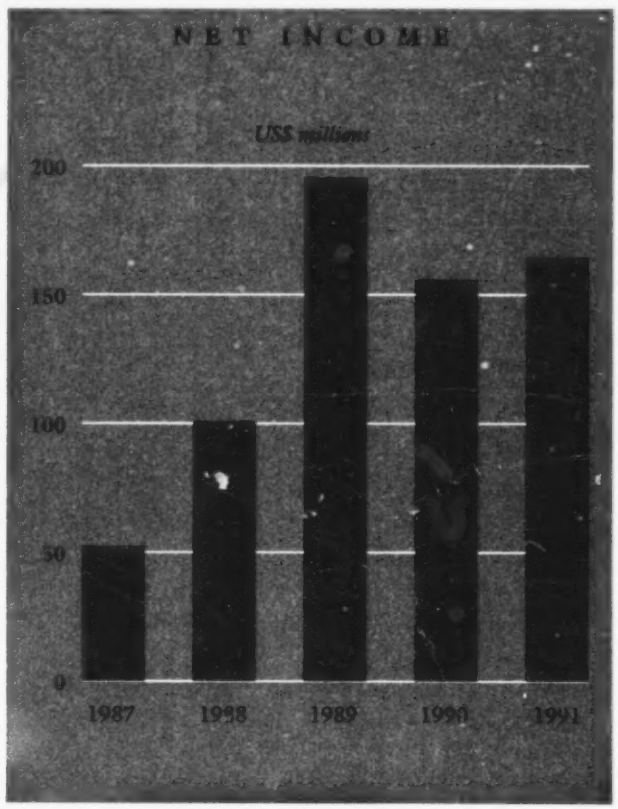
Income from equities was $145 million, up from $121 million in FY90. Although some equity markets were adversely affected by the war in the Gulf, IFC took advantage of favorable market conditions in several countries to sell investments in a number of companies, realizing capital gains of $113 million. Given the high level of unrealized gains in the equity portfolio at year-end, capital gains are expected to continue to be an important source of income in the future.

SOURCES OF GROSS INCOME FY91 AND FY90
US$ millions

	FY91	FY90
Interest and financial fees	$348.1	$297.1
Dividends and profit participations	31.6	30.7
Realized gains on equity sales	112.9	90.7
Service fees	25.4	16.8
From deposits and securities	181.4	142.0
Other (losses) income	(4.1)	7.3
	$695.3	$584.6

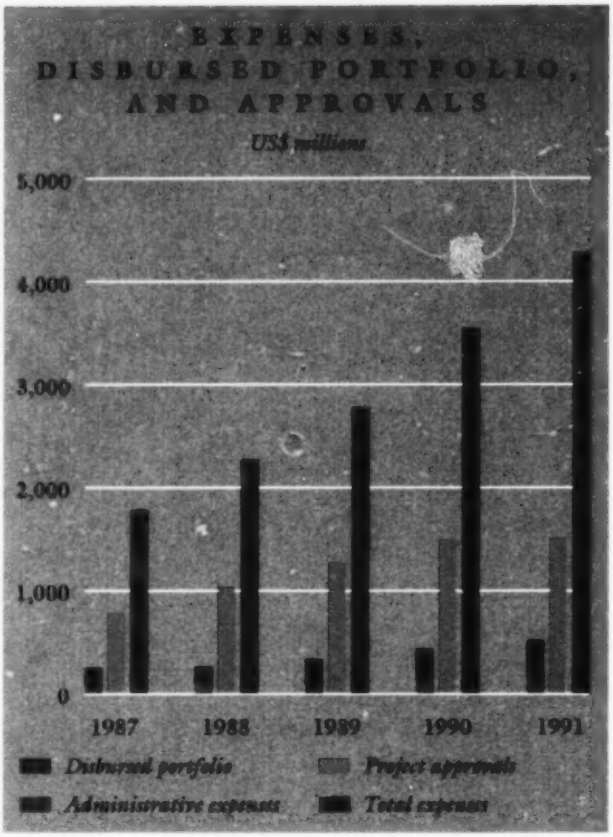
The growth rate of dividend income slowed, following the sale of a number of mature investments yielding high dividends in past years. Dividends of $32 million were slightly higher than dividends in FY90.

In FY91 IFC's liquid asset portfolio continued to grow, primarily because of the Corporation's policy of match-funding its loans at the time of approval. Thanks to the higher level of liquidity, income from deposits and securities reached $181 million, despite a general decline in interest rates relative to FY90. The gross return on the total



portfolio was 8.2 percent during FY91, compared with 8.5 percent for FY90. The decline in the FY91 return reflected changes in the absolute level of interest rates in the markets during the year and, to a lesser extent, further diversification of the credit risk in the portfolio. The carrying gain on the portfolio of variable-rate funded liquidity narrowed slightly to 44 basis points during FY91, from 51 basis points for FY90. As a result of the return on the overall portfolio and the carrying gain on the borrowed funds in liquidity, income from the liquid asset portfolio once again contributed significantly to the Corporation's profits.

Free-standing advisory services, a steadily growing area of business for IFC, generated fee income of $25 million in FY91. Contingent fees—success fees charged by IFC for raising funds in the international capital markets for client companies through activities such as loan syndications and underwritings—account for a growing portion of fee income.



EXPENSES

In FY91, total expenses increased to $529 million, compared with $428 million in FY90. Administrative expenses for the year came to $120 million, 2.8 percent of the disbursed portfolio. Over the five-year period 1986–90, administrative expenses grew from $61 million to $106 million, while dropping from 3.4 percent to 2.9 percent of the disbursed portfolio. Borrowing costs in FY91 increased from $231 million to $305 million, reflecting the higher level of outstanding debt. Contributions to special programs—the Africa Project Development Facility, the Business Advisory Service for the Caribbean and Central America, the South Pacific Project Facility, the Polish Business Advisory Service, and the Foreign Investment Advisory Service—were significantly higher in FY91 than in FY90, reaching $2.3 million.

During FY91, the Corporation continued to build up its reserve against losses on loan and equity investments, recording a provision for losses of $102.1 million, compared with $90.6 million in FY90. At June 30, 1991, total loss reserves stood at $400 million, representing 9.3 percent of the disbursed loan and equity portfolio of $4.3 billion. At the end of FY90, loss reserves represented 8.9 percent of the disbursed portfolio.

CAPITAL AND RETAINED EARNINGS

On June 28, 1991, IFC's Board of Directors approved a resolution recommending a capital increase of $1 billion. Approval by the Board of Governors is expected by December 31, 1991. Payment will be made in annual tranches from August 1992 through August 1996.

During FY91 member countries paid in capital of $72 million, including $58 million towards the capital increase approved in December 1985. Total paid-in capital at June 30, 1991 reached $1.1 billion, and retained earnings came to $958 million. The Corporation's net worth was $2.1 billion at year-end, compared with $1.9 billion at the end of FY90. Final payments of $32.5 million on the 1985 capital increase are due by August 1, 1991, but may be extended at the option of the member countries to February 1, 1992.

The Corporation's debt-to-equity ratio—outstanding borrowings and guarantees against subscribed capital and retained earnings—was 1.95:1 at year-end, compared with 1.88:1 at the end of FY90.

FUNDING MANAGEMENT

IFC's total borrowing program for FY91 came to $702 million, compared with $799 million in FY90. IFC borrowed $598 million in the international markets, compared with $650 million in FY90. The remaining $104 million was borrowed from the World Bank, with which IFC has a Master Loan Agreement. IFC's borrowings from the Bank were used mostly to fund fixed-rate assets denominated in various currencies, including Deutsche mark, Japanese yen and French francs in small amounts that it would not be practical to raise through market borrowings.

All of IFC's market borrowings were swapped into variable-rate U.S. dollars, the type of financing most often sought by its clients. The sub-LIBOR cost achieved through these swaps contributed significantly to the lowering of IFC's overall funding cost. Since it received triple-A ratings for its debt securities two years ago, IFC has established itself as a highly regarded supranational issuing in the public Eurobond markets.

IFC's largest borrowing in FY91, and its third large public issue in the Euromarkets, was a $300 million Eurobond issue launched in February 1991 by an underwriting group lead-managed by Deutsche Bank Capital Markets Ltd. The co-lead managers were Crédit Suisse First Boston Ltd. and J.P. Morgan Securities Ltd. Other market borrowings in FY91 included two reverse dual currency Samurai issues in Japan for a total of ¥ 20 billion ($138 million equivalent); an issue in Spain for Ptas 8 billion ($83 million equivalent); and IFC's first issue in Portuguese Escudos, for Esc 10 billion ($76 million equivalent). The Portuguese issue was the first borrowing by a supranational with an associated swap authorized by the Portuguese Government.

IFC intends to gain access to a wider range of public markets, including the U.S. domestic market, in FY92. Borrowings from the World Bank will be limited to not more than 20 percent of total funding. IFC will continue to pursue a dual strategy with respect to borrowings, establishing liquid, well-traded issues in the public markets that achieve low-cost funding in the arbitrage markets.

International Finance Corporation

BALANCE SHEET

June 30, 1991 and June 30, 1990
In thousands of United States dollars—*See Notes to Financial Statements*

	1991	1990
ASSETS		
Cash, deposits and securities—Note B	**$2,365,467**	$2,162,898
Cash collateral invested	**173,317**	—
Receivables and other assets—Note C	**160,952**	147,969
Loan and equity investments disbursed and outstanding—Note D		
Loan investments	**3,622,092**	3,018,930
Equity investments	**672,308**	570,096
Total investments	**4,294,400**	3,589,026
Less: Reserve against losses	**(400,000)**	(319,300)
	3,894,400	3,269,726
Net receivable on currency swaps—Note G	**54,106**	25,680
TOTAL ASSETS	**$6,648,242**	$5,606,273
LIABILITIES AND CAPITAL		
Liabilities:		
Payables and other liabilities—Note F	**$ 152,973**	$ 115,955
Payable for cash collateral received	**173,317**	—
Borrowings withdrawn and outstanding—Note G		
From market sources	**3,203,176**	2,670,281
From International Bank for Reconstruction and Development	**926,507**	909,293
Total borrowings	**4,129,683**	3,579,574
Net payable on currency swaps—Note G	**57,041**	4,685
Deferred income	**31,252**	41,969
Total Liabilities	**4,544,266**	3,742,183
Capital:		
Capital stock, authorized 1,300,000 shares of $1,000 par value each—Note H		
Subscribed	**1,177,138**	1,162,427
Less: Portion not yet paid	**(32,508)**	(90,101)
	1,144,630	1,072,326
Payment on account of pending subscription	**1,789**	67
Retained earnings	**957,557**	791,697
Total Capital	**2,103,976**	1,864,090
TOTAL LIABILITIES AND CAPITAL	**$6,648,242**	$5,606,273

International Finance Corporation

STATEMENT OF INCOME

For the years ended June 30, 1991 and June 30, 1990
In thousands of United States dollars—*See Notes to Financial Statements*

	1991	1990
INCOME		
Income from loan and equity investments:		
Interest and financial fees—Note I	**$348,122**	$297,083
Dividends and profit participations	**31,623**	30,724
Capital gains on equity sales	**112,909**	90,707
Service fees	**25,389**	16,864
Income from deposits and securities	**181,374**	141,970
Translation gains (losses), net	**(3,539)**	6,961
Other income (losses)	**(603)**	316
TOTAL INCOME	**695,275**	584,625
EXPENSES		
Charges on borrowings	**305,361**	230,692
Administrative expenses	**119,658**	105,864
Provision for losses—Note D	**102,097**	90,550
Contributions to special programs—Note J	**2,300**	500
TOTAL EXPENSES	**529,416**	427,606
NET INCOME	**$165,859**	$157,019

International Finance Corporation

STATEMENT OF CASH FLOWS

For the years ended June 30, 1991 and June 30, 1990
In thousands of United States dollars—*See Notes to Financial Statements*

	1991	1990
Cash flows from loan and equity investment activities:		
Loan and equity disbursements	**$(1,248,753)**	$(1,001,437)
Loan repayments and equity redemptions	**412,503**	285,006
Sales of equity investments at cost	**46,507**	67,666
Net cash used in investing activities	**(789,743)**	(648,765)
Cash flows from financing activities:		
Draw down of borrowings	**750,768**	1,207,626
Repayment of borrowings	**(95,289)**	(92,352)
Capital subscriptions	**72,303**	124,424
Net cash provided by financing activities	**727,782**	1,239,698
Cash flows from operating activities:		
Net income	**165,859**	157,019
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for losses	**102,097**	90,550
Translation losses	**3,539**	(6,961)
Increase in accrued income on loans, deposits and securities	**(18,146)**	(12,820)
Increase in payables and other liabilities	**43,092**	26,285
Increase in receivables and other assets	**(15,141)**	(7,032)
Net cash provided by operating activities	**281,300**	247,041
Increase in cash, deposits and securities	**219,339**	837,974
Effect of exchange rate changes on cash, deposits and securities	**(16,770)**	11,520
Net increase in cash, deposits and securities	**202,569**	849,494
Cash, deposits and securities at beginning of year	**2,162,898**	1,313,404
Cash, deposits and securities at end of year	**$ 2,365,467**	$ 2,162,898

International Finance Corporation

STATEMENT OF CAPITAL STOCK AND VOTING POWER

June 30, 1991
In thousands of United States dollars

Members	Capital Stock: Amount Paid	Capital Stock: Percent of Total	Voting Power: Number of Votes	Voting Power: Percent of Total
Afghanistan	$ 111	.01	361	.03
Algeria	3,177	.28	3,427	.29
Angola	837	.07	1,087	.09
Antigua and Barbuda	13	*	263	.02
Argentina	19,205	1.68	19,455	1.65
Australia	26,751	2.34	27,001	2.29
Austria	9,943	.87	10,193	.86
Bahamas, The	142	.01	392	.03
Bangladesh	5,108	.45	5,358	.45
Barbados	182	.02	432	.04
Belgium	27,446	2.40	27,696	2.35
Belize	50	*	300	.03
Benin	67	.01	317	.03
Bolivia	958	.08	1,208	.10
Botswana	64	.01	314	.03
Brazil	19,885	1.74	20,135	1.71
Burkina Faso	432	.04	682	.06
Burundi	100	.01	350	.03
Cameroon	885	.08	1,135	.10
Canada	45,976	4.02	46,226	3.92
Cape Verde	11	*	261	.02
Central African Republic	67	.01	317	.03
Chile	4,552	.40	4,802	.41
China	8,122	.71	8,372	.71
Colombia	4,571	.40	4,821	.41
Congo, People's Republic of the	131	.01	381	.03
Costa Rica	479	.04	729	.06
Côte d'Ivoire	1,349	.12	1,599	.14
Cyprus	1,209	.11	1,459	.12
Czechoslovakia	3,404	.30	3,654	.31
Denmark	10,487	.92	10,737	.91
Djibouti	21	*	271	.02
Dominica	22	*	272	.02
Dominican Republic	598	.05	848	.07
Ecuador	1,479	.13	1,729	.15
Egypt, Arab Republic of	6,986	.61	7,236	.61
El Salvador	11	*	261	.02
Ethiopia	33	*	283	.02
Fiji	162	.01	412	.03
Finland	8,872	.78	9,122	.77
France	68,400	5.98	68,650	5.82
Gabon	931	.08	1,181	.10
Gambia, The	35	*	285	.02
Germany	72,861	6.37	73,111	6.20
Ghana	2,242	.20	2,492	.21
Greece	3,899	.34	4,149	.35
Grenada	46	*	296	.03
Guatemala	598	.05	848	.07
Guinea	294	.03	544	.05
Guinea-Bissau	18	*	268	.02
Guyana	406	.04	656	.06
Haiti	306	.03	556	.05
Honduras	184	.02	434	.04
Hungary	5,216	.46	5,466	.46
Iceland	11	*	261	.02
India	45,976	4.02	46,226	3.92
Indonesia	16,131	1.41	16,381	1.39
Iran, Islamic Republic of	372	.03	622	.05
Iraq	147	.01	397	.03
Ireland	729	.06	979	.08
Israel	1,076	.09	1,326	.11
Italy	45,840	4.00	46,090	3.91
Jamaica	2,420	.21	2,670	.23
Japan	79,794	6.97	80,044	6.78
Jordan	735	.06	985	.08
Kenya	1,529	.13	1,779	.15
Kiribati	7	*	257	.02
Korea, Republic of	9,013	.79	9,263	.79
Kuwait	4,533	.40	4,783	.41
Lebanon	50	*	300	.03
Lesotho	18	*	268	.02
Liberia	83	.01	333	.03
Libya	55	*	305	.03
Luxembourg	$ 1,209	.11	1,459	.12
Madagascar	111	.01	361	.03
Malawi	853	.07	1,103	.09
Malaysia	7,668	.67	7,918	.67
Maldives	9	*	259	.02
Mali	116	.01	366	.03
Mauritania	55	*	305	.03
Mauritius	838	.07	1,088	.09
Mexico	11,740	1.03	11,990	1.02
Mongolia	144	.01	394	.03
Morocco	4,552	.40	4,802	.41
Mozambique	182	.02	432	.04
Myanmar	666	.06	916	.08
Namibia	404	.04	654	.06
Nepal	306	.03	556	.05
Netherlands	31,726	2.77	31,976	2.71
New Zealand	1,583	.14	1,833	.16
Nicaragua	184	.02	434	.04
Niger	131	.01	381	.03
Nigeria	12,090	1.06	12,340	1.05
Norway	9,947	.87	10,197	.86
Oman	671	.06	921	.08
Pakistan	8,626	.75	8,876	.75
Panama	426	.04	676	.06
Papua New Guinea	490	.04	740	.06
Paraguay	270	.02	520	.04
Peru	2,201	.19	2,451	.21
Philippines	3,247	.28	3,497	.30
Poland	4,090	.36	4,340	.37
Portugal	4,705	.41	4,955	.42
Romania	1,504	.13	1,754	.15
Rwanda	306	.03	556	.05
St. Lucia	42	*	292	.02
Saudi Arabia	14,447	1.26	14,697	1.25
Senegal	1,106	.10	1,356	.11
Seychelles	15	*	265	.02
Sierra Leone	83	.01	333	.03
Singapore	177	.02	427	.04
Solomon Islands	19	*	269	.02
Somalia	83	.01	333	.03
South Africa	9,014	.79	9,264	.79
Spain	13,175	1.15	13,425	1.14
Sri Lanka	3,594	.31	3,844	.33
Sudan	111	.01	361	.03
Swaziland	404	.04	654	.06
Sweden	15,191	1.33	15,441	1.31
Syrian Arab Republic	72	.01	322	.03
Tanzania	897	.08	1,147	.10
Thailand	5,510	.48	5,760	.49
Togo	808	.07	1,058	.09
Tonga	13	*	263	.02
Trinidad and Tobago	1,818	.16	2,068	.18
Tunisia	2,014	.18	2,264	.19
Turkey	7,485	.65	7,735	.66
Uganda	735	.06	985	.08
United Arab Emirates	1,838	.16	2,088	.18
United Kingdom	68,400	5.98	68,650	5.82
United States	281,492	24.59	281,742	23.88
Uruguay	2,017	.18	2,267	.19
Vanuatu	55	*	305	.03
Venezuela	15,593	1.36	15,843	1.34
Viet Nam	166	.01	416	.04
Western Samoa	20	*	270	.02
Yemen, Republic of	395	.03	645	.05
Yugoslavia	4,947	.43	5,197	.44
Zaire	2,159	.19	2,409	.20
Zambia	1,286	.11	1,536	.13
Zimbabwe	546	.05	796	.07
Total June 30, 1991	$1,144,630	100.00+	1,179,880	100.00+
Total June 30, 1990	$1,072,326	100.00+	1,106,076	100.00+

* Less than .005 percent.
\+ May differ from the sum of the individual percentages shown because of rounding.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING AND RELATED POLICIES

The accounting and reporting policies of the Corporation are in conformity with generally accepted accounting principles in the United States and with International Accounting Standards. The Corporation's assets and liabilities are recorded principally on the historical cost basis and the accrual method of accounting is followed, except where otherwise noted.

Financial Statement Presentation—Certain amounts in the prior year have been reclassified to conform to the current year's presentation.

Translation of Currencies—Assets and liabilities not denominated in United States dollars, with the exception of disbursed equity investments, are expressed in United States dollars at the approximate exchange rates prevailing at June 30, 1991 and 1990. Translation gains and losses are credited or charged to income. Disbursed equity investments are expressed in United States dollars at the exchange rates which applied at the time of disbursement.

Investments—Investment commitments are recorded when agreements are signed by the Corporation and are reflected as assets when disbursed. Loan investments are generally carried at the principal amounts outstanding. Equity investments are carried at cost. It is the Corporation's practice to obtain collateral security such as, but not limited to, mortgages and third party guarantees.

Reserve Against Losses—The reserve against losses represents management's judgement as to identifiable losses on specific investments with a significant and relatively permanent decline in value, and an estimate of potential losses not specifically provided for. The reserve is established through annual charges to income in the form of a provision for losses on investments. Investments written off, as well as any subsequent recoveries, are recorded through the reserve.

Revenue Recognition—Dividends and profit participations are recorded as income when received in freely convertible currencies. Gains on the sale of investments are measured against the average cost of the investments sold and are credited to income when received in freely convertible currencies.

Interest and commitment fees are recorded as income on an accrual basis. All other fees are recorded as income when received. The Corporation does not recognize income on loans where collectibility is in doubt or payments of interest or principal are past due more than sixty days unless management anticipates that collection will occur in the near future. Any interest which has been accrued on a loan placed in nonaccrual status is reversed out of current income. Interest on nonaccrual loans is thereafter recognized as income only when actual payment is received. Interest not previously recognized, but capitalized as part of a debt restructuring, is recorded as deferred income and credited to current income only when the related principal maturity is received. Fees and costs associated with loan origination are recognized when incurred as the net of these amounts is not material.

Deposits and Securities—The Corporation's liquid assets are segregated into two pools which are valued at either cost or market. Both pools are comprised of instruments issued by government agencies and financial institutions. Investments valued at cost are usually held to maturity. Investments valued at market are invested according to the Corporation's credit risk and duration policies. Gains and losses on sales of securities valued at cost, as measured by the difference between cost on a last-in, first-out basis and proceeds of the sales, are recorded as an element of income from deposits and securities. The Corporation classifies the deposits and securities portfolio as an element of liquidity in the Statement of Cash Flows.

Off-Balance Sheet Financial Instruments—In the normal course of business, the Corporation is a party to off-balance sheet financial instruments such as currency and interest rate swap obligations on its own behalf and for clients, guarantees for third parties, and forward rate agreements. The Corporation follows the same credit policies in considering conditional obligations as it does for balance sheet instruments. Associated income or expenses are recognized over the life of the instrument.

Where it acts as a swap intermediary, the Corporation minimizes its exposure to credit risk by performing credit reviews on the swap clients and minimizes its exposure to currency and interest rate risks by entering into offsetting swap positions with market counterparties. Forward rate agreements may be executed as part of the Corporation's overall management strategy for its securities portfolio.

NOTE B—CASH, DEPOSITS AND SECURITIES

Cash, deposits and securities comprise the following:

	At June 30 ($ thousands)	
	1991	1990
Cash	$ 26,369	$ 23,209
Time deposits and other obligations of banks and financial institutions	1,748,093	1,823,621
Government securities	591,005	316,068
Total cash, deposits and securities	$2,365,467	$2,162,898

At June 30, 1991, 44.0% (40.7%—1990) of the deposit and securities portfolio was valued at market resulting in an unrealized gain of approximately $1.1 million ($600,000—1990). The remainder of the portfolio, which is usually held to maturity, is comprised mostly of time deposit instruments having a duration of less than one year and is valued at cost which approximates market. The deposits and securities portfolio is denominated primarily in United States dollars with instruments in nondollar currencies representing 7.1% of the portfolio at June 30, 1991 (7.9%—1990).

At June 30, 1991, the Corporation had gross receivables from covered forward agreements of $452 million (nil—1990) and gross payables from covered forward agreements of $446 million (nil—1990). The Corporation's exposure to credit loss in the event of nonperformance by its counterparties was $8.2 million, which is considered insignificant.

NOTE C—RECEIVABLES AND OTHER ASSETS

Receivables and other assets of the Corporation are summarized below:

	At June 30 ($ thousands)	
	1991	1990
Receivable from sales of deposits and securities	$ 2,203	$ 123
Accrued income on deposits and securities	25,814	26,028
Receivable from purchasers of loan and equity investments	15,757	22,839
Accrued income on loans	72,722	61,438
Deferred charges	17,886	15,886
Other assets	26,570	21,655
Total receivables and other assets	$160,952	$147,969

NOTE D—LOAN AND EQUITY INVESTMENTS AND RESERVE AGAINST LOSSES

Investments approved by the Board of Directors to be held by the Corporation but not yet signed as investment commitments, and commitments signed but on which disbursements have not yet commenced are summarized as follows:

	At June 30 ($ thousands)	
	1991	1990
Investments approved but not committed		
Loans	$ 735,830	$ 757,350
Equities	146,180	108,610
	882,010	865,960
Investments committed but not disbursed		
Loans	1,042,738	1,048,978
Equities	157,226	114,017
	1,199,964	1,162,995
Total approved but not disbursed	$2,081,974	$2,028,955

The Corporation has also issued guarantees on behalf of clients totaling $40.2 million at June 30, 1991 ($114.0 million—1990) of which $30.2 million ($95.4 million—1990) is outstanding.

At June 30, 1991, 48.8% of the disbursed loans portfolio consisted of fixed rate loans, while the remaining loans were at variable rates. The currency composition of loans disbursed at June 30, 1991 is summarized below ($ thousands):

US Dollars	$2,660,487	European Currency Unit	$21,013
Deutsche Mark	600,967	Netherlands Guilders	11,581
Swiss Francs	171,614	Pound Sterling	5,792
Japanese Yen	89,478	Other Currencies	5,077
French Francs	56,083		

Loans disbursed and outstanding in all currencies are repayable during the fiscal years ending June 30, 1992 through June 30, 1996 and thereafter as follows:

	($ thousands)					
	1992	1993	1994	1995	1996	Thereafter
Loans disbursed and outstanding	$522.3	$597.6	$545.5	$501.5	$416.8	$1,038.4

Loans on which the accrual of interest has been discontinued amounted to $207.4 million at June 30, 1991 ($157.9 million—1990). Interest income not recognized in the current period on nonaccruing loans totalled $19.3 million ($18.8 million—1990). During the year ended June 30, 1991, $9.8 million ($8.2 million—1990) of interest on loans in nonaccrual status related to current and prior years was collected.

Changes in the reserve against losses are summarized below:

	At June 30 ($ thousands)	
	1991	1990
Balance at beginning of year	$319,300	$257,927
Investments written off	(22,892)	(34,872)
Investments recovered	1,495	5,695
Provision for losses	102,097	90,550
Balance at end of year	$400,000	$319,300

At June 30, 1991, the Corporation has acted as an intermediary for clients in four swap transactions having a face value of $134 million ($24 million—1990). Exposure to credit loss in the event of nonperformance by counterparties to these swap agreements is considered insignificant.

NOTE E—PARTICIPATIONS

The Corporation mobilizes funds from commercial banks and other financial institutions through loan participations, which are sold without recourse to the Corporation, but are administered and serviced on behalf of the participants. During the year ended June 30, 1991 the Corporation called and disbursed $428.0 million ($124.8 million—1990) of participants' funds. At June 30, 1991 the undisbursed participants' commitments were $501.9 million ($430.3 million—1990). In addition, at June 30, 1991 the Corporation has arranged to place with participants $1,053.8 million ($739.3 million—1990) of investments approved by the Board of Directors but not yet signed as commitments.

NOTE F—PAYABLES AND OTHER LIABILITIES

Payables and other liabilities of the Corporation are summarized below:

	At June 30 ($ thousands)	
	1991	1990
Accounts payable and accrued expenses	$ 35,547	$ 32,175
Accrued charges on borrowings	84,171	75,671
Other liabilities	33,255	8,109
Total payables and other liabilities	$152,973	$115,955

NOTE G—BORROWINGS

The Corporation's borrowings outstanding from market sources and currency swaps at June 30, 1991 are summarized below:

	Market Borrowings			Currency Swaps		Net Currency Obligations ($ millions)	
	Principal Amount ($ millions)		Weighted Average Cost	Payable (Receivable) ($ millions)			
	1991	1990	1991	1991	1990	1991	1990
US Dollars	$1,455	$1,163	8.70%	$1,468	$1,180	$2,923	$2,343
Deutsche Mark	162	174	6.52%	42	45	204	219
Japanese Yen	623	430	6.25%	(623)	(430)	—	—
Pound Sterling	65	70	9.13%	(65)	(70)	—	—
Swiss Francs	64	71	4.75%	1	2	65	73
European Currency Unit	63	68	6.63%	(63)	(68)	—	—
Australian Dollars	46	47	12.50%	(46)	(47)	—	—
Netherlands Guilders	26	28	6.64%	(12)	(14)	14	14
Spanish Pesetas	499	472	12.46%	(499)	(472)	—	—
Finnish Markkaa	59	64	9.63%	(59)	(64)	—	—
Swedish Kronor	77	83	10.50%	(77)	(83)	—	—
Portuguese Escudos	64	—	15.75%	(64)	—	—	—
	$3,203	$2,670		$ 3	($ 21)	$3,206	$2,649

Principal and interest are payable in the currency borrowed. Under its borrowing agreements, the Corporation is not permitted to mortgage or allow a lien to be placed on its assets (other than purchase money security interests) without extending equivalent security to the holders of such borrowings.

The $3 million payable on currency swaps at June 30, 1991, shown in the above table, consists of swap transactions in net receivable positions of $54 million and swap transactions in net payable positions of $57 million; these amounts result from exchange rate movements occurring subsequent to the date of the swap transactions. At June 30, 1991, the Corporation had gross receivables from currency swaps at a book value of $1,549 million and gross payables from currency swaps at a book value of $1,552 million. The weighted average cost of market borrowings after currency swap activities at June 30, 1991 was 7.28% (8.10%—1990).

The Corporation has also entered into interest rate swap agreements with respect to notional principal amounts of $1,374 million ($1,048 million—1990) under which it is obligated to make interest payments on a variable rate basis, averaging 6.46% at June 30, 1991 (8.37%—1990) in exchange for receiving fixed rate payments, averaging 8.67% at June 30, 1991 (8.93%—1990). The differential to be paid or received as interest rates change is recognized over the life of the agreement.

The Corporation could be exposed to credit loss in the event of nonperformance by its counterparties in the aggregate amount of $52 million ($34 million—1990) for outstanding currency swaps, and $29 million ($7 million—1990) for outstanding interest rate swaps. These amounts represent the maximum estimated replacement cost, at market rates, of those outstanding swaps in a gain position. However, the Corporation is highly selective in its choice of swap counterparties and does not consider nonperformance to represent a significant risk.

Borrowings outstanding from the International Bank for Reconstruction and Development (IBRD) at June 30, 1991 are summarized below. No currency or interest rate swaps have been entered into with respect to these borrowings. Principal and interest are payable in the currency borrowed.

	IBRD Borrowings		
	Principal Amount ($ millions)		Weighted Average Cost
	1991	1990	1991
US Dollars	$151	$159	8.42%
Deutsche Mark	438	465	7.52%
Swiss Francs	154	148	5.92%
Japanese Yen	96	60	6.18%
Other Currencies	88	77	9.34%
	$927	$909	

In addition, undrawn balances on committed borrowings from the IBRD at June 30, 1991 were $248.3 million ($311.8 million—1990). A commitment fee is payable on the undrawn balances of borrowings at 3/4 of 1% per annum. For the year ended June 30, 1991 such fees aggregated $1.7 million ($2.5 million—1990).

The principal amounts repayable on borrowings outstanding in all currencies during the years ending June 30, 1992 through June 30, 1996 and thereafter are as follows:

	($ millions)					
	1992	1993	1994	1995	1996	Thereafter
Borrowings from market sources	$ 1.0	$441.5	$421.9	$761.9	$508.0	$1,068.9
Borrowings from IBRD	98.3	117.2	156.5	120.3	111.7	322.5
	$99.3	$558.7	$578.4	$882.2	$619.7	$1,391.4

NOTE H—CAPITAL STOCK

On June 28, 1991, the Board of Directors approved a resolution to submit to the Board of Governors a draft resolution to increase the Corporation's authorized capital stock by $1,000,000,000. This would bring the Corporation's authorized capital stock to $2,300,000,000. The draft resolution shall become effective upon approval by the Governors exercising not less than a three-fourths majority of the total voting power. The voting period for adoption of this resolution expires December 31, 1991, unless extended by the Directors.

On December 26, 1985 the Governors approved a resolution increasing the authorized capital to $1,300,000,000. The resolution, as amended, also allocated $650,000,000 for additional subscriptions by members during a subscription period ending August 1, 1991. Members may elect to pay subscriptions in full or in installments payable not later than August 1, 1991 or within six months thereafter.

NOTE I—INTEREST AND FINANCIAL FEES

Interest and financial fees comprise the following:

	At June 30 ($ thousands)	
	1991	1990
Interest income	$331,922	$276,428
Commitment fees	6,817	9,832
Other financial fees	9,383	10,823
Total interest and financial fees	$348,122	$297,083

NOTE J—CONTRIBUTIONS TO SPECIAL PROGRAMS

From time to time, the Board of Directors approves recommendations under which the Corporation contributes to special programs which presently comprise the Africa Project Development Facility (APDF), the Foreign Investment Advisory Service (FIAS), the South Pacific Project Facility (SPPF), and the Polish Business Advisory Service (PBAS). During the year ended June 30, 1991, the Corporation contributed $1.2 million to the APDF, $200,000 to the SPPF, $500,000 to PBAS and $400,000 to FIAS ($500,000—1990).

NOTE K—OTHER MATTERS

Staff Retirement Plan—The International Bank for Reconstruction and Development (IBRD) has a defined benefit retirement Plan covering substantially all of the staff of the Corporation, the IBRD and the Multilateral Investment Guarantee Agency (MIGA). Under the Plan, benefits are based on years of service and average compensation, with the staff contributing a fixed percentage of pensionable remuneration and the Corporation, IBRD and MIGA contributing the remainder of the actuarially determined cost of funding future Plan benefits. The total contribution is based upon the aggregate funding method. All contributions to the Plan and all other assets and income held for purposes of the Plan are held separately from the other assets and income of the Corporation, IBRD and MIGA and can be used only for the benefit of the participants in the Plan and their beneficiaries, until all liabilities to them have been paid or provided for. The total expense allocated to the Corporation for the year ended June 30, 1991 was $8.3 million ($6.9 million—1990).

Other Post Employment Benefits—The IBRD also provides certain life insurance and medical benefits to substantially all retired staff of the Corporation, IBRD and MIGA and their spouses through contributions to a Retired Staff Benefits Plan (RSBP). Commencing in 1990, the Corporation, IBRD and MIGA began accruing and funding, on an actuarially determined basis, the expected future cost of providing such benefits for future retirees. All contributions to the RSBP and all other assets and income held for purposes of the RSBP are held separately from the other assets and income of the Corporation, IBRD and MIGA and can be used only for the benefit of the participants in the RSBP and

their beneficiaries, until all liabilities to them have been paid or provided for. The total expense allocated to the Corporation for the year ended June 30, 1991 was $0.5 million ($7.6 million--1990).

Service and Support Payments—The Corporation obtains some administrative and overhead services from the IBRD in those areas where common services can be efficiently provided by IBRD. This includes shared costs of the Boards of Governors and Directors, and other services such as internal auditing, administrative support, office occupancy, supplies and insurance. Payments for these services are made by the Corporation to the IBRD based on negotiated fees, direct chargeback and allocated charges where chargeback is not feasible. Expenses allocated to the Corporation for the year ended June 30, 1991 totalled $20.0 million ($17.1 million—1990).

REPORT OF INDEPENDENT ACCOUNTANTS

Price Waterhouse (International Firm) The Hague London New York Tokyo Washington

Price Waterhouse

July 29, 1991

President and Board of Governors
International Finance Corporation

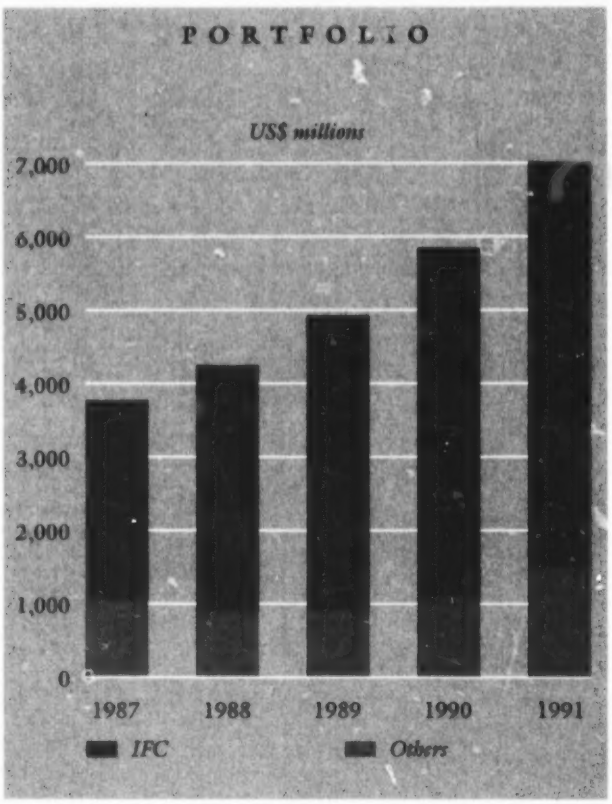
In our opinion, the financial statements appearing on pages 69 through 79 of this Report present fairly, in all material respects, in terms of United States dollars, the financial position of the International Finance Corporation at June 30, 1991 and 1990, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States and with International Accounting Standards. These financial statements are the responsibility of management of the International Finance Corporation; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, including International Auditing Guidelines, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse
(International Firm)

THE PORTFOLIO

At June 30, 1991, IFC had in its portfolio loans, equities, and quasi-equity investments in 547 companies, compared with 495 companies at June 30, 1990. Of the companies in IFC's portfolio, 533 are located in 79 countries; 6 are financial institutions that operate regionally, and 8 are financial institutions and investment funds whose scope is global. At the end of the fiscal year, the total portfolio was as follows:

Loans for IFC's account	$4,665 million
Equity for IFC's account	$829 million
Total committed portfolio	$5,494 million
Total disbursed portfolio	$4,294 million
Total undisbursed portfolio	$1,200 million



CHANGES IN THE PORTFOLIO

In FY91, new commitments reached $1.3 billion, compared with $1 billion in FY90. By year-end, the total committed portfolio had increased by $741 million—$596 million in loans and guarantees and $145 million in equity and quasi-equity investments—after taking into account repayments, cancellations, sales, and write-offs. Loan repayments for the year amounted to $412 million, and equity investments valued at $47 million were sold. During FY91, 23 companies fully repaid their loans, and IFC sold its equities or wrote off its loans and investments in 15 companies.

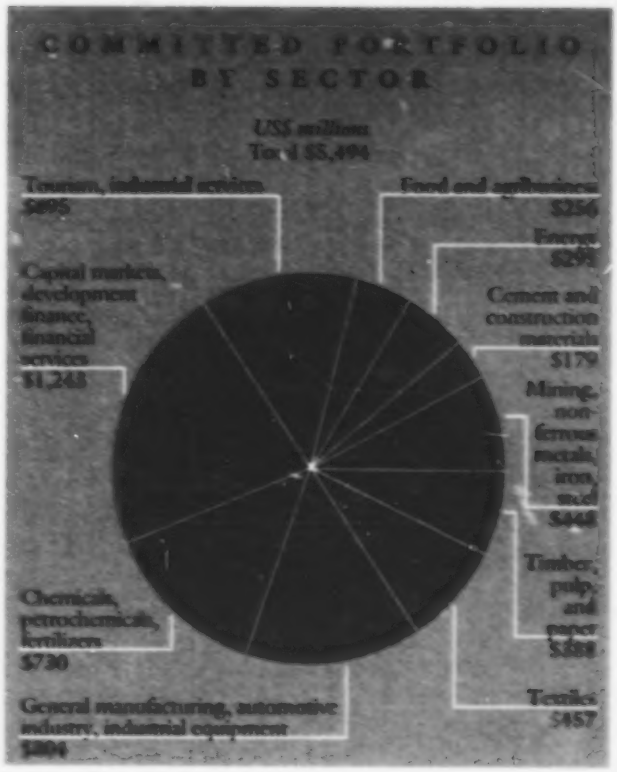
New commitments in FY91 were concentrated in utilities (16.2 percent), petrochemicals (8.9 percent), and energy exploration (5.8 percent). Over 34 percent of new commitments were in Latin America.

DISBURSEMENTS

During the year, the disbursed loan portfolio grew by 20 percent to $3.6 billion, and the disbursed equity portfolio grew by 18 percent to $672 million. Total disbursements came to $1.2 billion—$1.1 billion in loans, and $149 million in equities and quasi-equity investments—compared with $1 billion in FY90. IFC also made disbursements of $428 million in FY91 for the account of financial institutions participating in its loan syndications. At the end of the fiscal year, the total amount of loans administered for participants was $1.5 billion.

The quality of IFC's portfolio at the end of FY91 reflects the increased attention given to supervision over the past seven years. Measures taken by IFC to improve its portfolio include the adoption of streamlined procedures for approving sales of equity investments and the creation, in 1984, of a Special Operations Unit to handle difficult restructurings of troubled companies in the portfolio. In addition, portfolio supervision has been enhanced by the implementation of improved management information systems.

A key indicator of portfolio performance, principal outstanding on non-accruing loans as a percentage of the disbursed loan portfolio, has improved steadily over the past five years. Portfolio income is discussed on p. 66.


COMMITTED PORTFOLIO BY SECTOR
US$ millions
Total $5,494
Tourism, industrial services $895
Food and agribusiness $256
Energy $291
Capital markets, development finance, financial services $1,248
Cement and construction materials $179
Mining, non-ferrous metals, iron and steel $448
Timber, pulp and paper $288
Chemicals, petrochemicals, fertilizers $730
Textiles $457
General manufacturing, automotive industry, industrial equipment $804

International Finance Corporation

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June 30, 1991
Expressed in United States dollars (in millions)

SUMMARY

	JUNE 30, 1991			JUNE 30, 1990		
	Loans	Equity (at cost)	Total Loans and Equity	Loans	Equity (at cost)	Total Loans and Equity
IFC PORTFOLIO						
Total	$4,664.83	$829.53	$5,494.36	$4,067.91	$684.11	$4,752.02
Undisbursed balances	1,042.74	157.23	1,199.96	1,048.98	114.02	1,162.99
Disbursed balances	$3,622.09	$672.30	$4,294.40	$3,018.93	$570.09	$3,589.03
LOANS AND EQUITY HELD BY IFC FOR PARTICIPANTS						
Total	$1,513.34	$0.35	$1,513.69	$1,131.20	$0.35	$1,131.55
Undisbursed balances	501.93	—	501.93	430.32	—	430.32
Disbursed balances	$1,011.41	$0.35	$1,011.76	$700.88	$0.35	$701.23
TOTAL IFC PORTFOLIO AND LOANS AND EQUITY HELD FOR PARTICIPANTS						
Total	$6,178.17	$829.88	$7,008.05	$5,199.11	$684.46	$5,883.57
Undisbursed balances	1,544.67	157.23	1,701.89	1,479.30	114.02	1,593.31
Disbursed balances	$4,633.50	$672.65	$5,306.16	$3,719.81	$570.44	$4,290.26

International Finance Corporation

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Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1]		Investments held for the Corporation (including undisbursed balances)		
			Total IFC	Total Syndications	Loans	Equity (at cost)	Total loans and equity
SUB-SAHARAN AFRICA							
Botswana							
Botswana Development Corporation Limited	Development financing	FY79, 85	0.61	—	—	0.24	0.24
Northern Textile Mills (Botswana) (PTY) Limited	Textiles	FY91	0.38	—	0.38	—	0.38
ULC (Proprietary) Limited	Capital markets	FY90	0.42	—	—	0.42	0.42
					0.38	0.66	1.04
Burundi							
Verreries du Burundi, S.A.R.L.	General manufacturing	FY81, 82, 87	5.88	—	—	1.11	1.11
Cameroon							
Alucam—Compagnie Camerounaise de l'Aluminum Pechiney-Ugine	Nonferrous metals	FY79	7.93	—	—	0.93	0.93
Cotonnière Industrielle du Cameroun (CICAM)	Textiles	FY86	2.98	—	3.28	—	3.28
Prestige Bottling Company	General manufacturing	FY88	3.04	—	2.74	0.30	3.04
Société Camerounaise de Minoteries	Food and agribusiness	FY81	1.31	—	0.14	—	0.14
Société des Palmeraies de la Ferme Suisse, S.A.	Food and agribusiness	FY85	2.54	—	0.71	0.56	1.26
Société des Plantations Nouvelles du Penja	Food and agribusiness	FY88	2.25	—	1.97	0.36	2.33
Société Industrielle Laitière du Cameroun "SILAC"	Food and agribusiness	FY87	2.85	—	2.26	0.57	2.83
Société Sucrière du Cameroun	Food and agribusiness	FY83	1.44	—	0.30	—	0.30
					11.40	2.73	14.12
Congo, People's Republic of the							
Congolaise des Bois Imprégnés, S.A.	Timber, pulp and paper	FY87	2.13	—	1.84	0.27	2.11
Congolaise Industrielle des Bois (C.I.B.), S.A.	Timber, pulp and paper	FY85, 86	2.13	—	0.33	0.54	0.87
					2.17	0.81	2.97
Côte d'Ivoire							
Etablissements R. Gonfreville, S.A.	Textiles	FY77, 87	9.66	—	6.43	0.88	7.32
Industrial Promotion Services (Côte d'Ivoire) S.A.	Capital markets	FY88	0.83	—	—	0.83	0.83
Omnium Chimique et Cosmétique (COSMIVOIRE)	Food and agribusiness	FY87	2.13	—	1.22	—	1.22
Omnium de Transformations Alimentaires S.A.	Food and agribusiness	FY90	0.83	—	0.63	0.17	0.80
Péchazur, S.A.R.L.	Food and agribusiness	FY90	0.47	—	0.39	—	0.39
Société des Industries Alimentaires et Laitières "SIALIM"	Food and agribusiness	FY88, 90	5.80	—	4.57	0.87	5.44
Transformation Industrielle de Bois (Tribois S.A.)	Timber, pulp and paper	FY91	0.49	—	0.33	0.16	0.49
					13.57	2.92	16.50
Ethiopia							
Red Sea Petroleum Exploration Program	Energy	FY89	7.80	—	—	7.80	7.80
Gabon							
Compagnie Minière de l'Ogooué	Mining	FY89	32.00	—	25.07	—	25.07
Elf Gabon	Energy	FY90	10.00	—	8.00	—	8.00
Shell Gabon S.A.	Energy	FY89	50.00	110.00	40.00	—	40.00
					73.07	—	73.07
Gambia, The							
Kombo Beach Hotel Limited	Tourism	FY84	2.82	—	4.29	1.86	6.14
Makumbaya Flower Farms Limited	Food and agribusiness	FY91	0.94	—	0.56	0.38	0.94
Pelican Seafood (Gambia) Limited	Food and agribusiness	FY91	1.05	—	1.05	—	1.05
					5.90	2.23	8.13

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investments held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Ghana							
Alugan Company, Limited	Nonferrous metals	FY91	0.28	—	0.28	—	0.28
Appiah Menka Complex Limited	Chemicals and petrochemicals	FY91	0.90	—	0.90	—	0.90
Ashanti Goldfields Corporation (Ghana) Limited	Mining	FY85, 90	62.50	62.50	60.63	—	60.63
Canadian Bogosu Resources Limited	Mining	FY88, 89, 90, 91	21.24	—	19.35	1.89	21.24
Continental Acceptances Limited	Capital markets	FY90, 91	3.87	—	3.00	0.88	3.87
Dimples Inn Limited	Tourism	FY91	0.24	—	0.24	—	0.24
Ghanaian-Australian Goldfields Limited	Mining	FY90	3.00	—	—	3.00	3.00
Hotel Investments (Ghana) Limited	Tourism	FY91	4.20	—	4.20	—	4.20
Plastic Laminates (GH) Limited	Industrial equipment and machinery	FY91	0.60	—	0.60	—	0.60
Securities Discount Company	Capital markets	FY91	0.23	—	—	0.23	0.23
Wahome Steel Limited	Iron and steel	FY90	3.20	—	3.20	—	3.20
					92.40	6.00	98.40
Guinea							
Banque Internationale pour le Commerce et l'Industrie de la Guinée	Capital markets	FY87	1.00	—	—	1.00	1.00
Société Aurifère de Guinée S.A.	Mining	FY88	7.50	—	6.84	—	6.84
Société Mixte Aredor Guinée S.A.	Mining	FY83	14.84	—	2.87	1.23	4.10
					9.71	2.23	11.94
Guinea-Bissau							
Anctibene Petroleum Exploration Program	Energy	FY90	5.85	—	—	5.85	5.85
Kenya							
Bamburi Portland Cement Company Limited	Cement and construction materials	FY82	4.43	—	0.77	—	0.77
Development Finance Company of Kenya Limited	Development financing	FY80, 84	6.38	—	1.59	1.31	2.91
Diamond Trust of Kenya Limited	Capital markets	FY82	0.80	—	—	0.80	0.80
Equatorial Beach Properties Limited	Tourism	FY86	3.67	—	5.29	—	5.29
Industrial Promotion Services (Kenya) Limited*	Capital markets	FY91	—	—	—	2.05	2.05
Kenya Commercial Finance Company Limited	Capital markets	FY81	5.00	—	0.44	—	0.44
Leather Industries of Kenya Limited	General manufacturing	FY84	2.71	—	0.78	0.60	1.38
Malaa Industries Limited	Food and agribusiness	FY91	0.69	—	0.53	0.16	0.69
Panafrican Paper Mills (E.A.) Limited	Timber, pulp and paper	FY70, 74, 77, 79, 81, 90	43.05	3.96	17.10	4.51	21.61
Rift Valley Textiles Limited	Textiles	FY76	9.64	1.30	3.37	—	3.37
Tourism Promotion Services (Kenya) Ltd.	Tourism	FY72	1.63	0.79	—	0.04	0.04
					29.88	9.48	39.35
Lesotho							
Upper Qeme Block & Concrete Products Pty Limited	Cement and construction materials	FY91	0.12	—	0.12	—	0.12
Liberia							
Liberian Bank for Development and Investment	Development financing	FY66, 77, 84	0.70	—	—	0.07	0.07
Liberian Timber and Plywood Operation Company	Timber, pulp and paper	FY88	8.50	—	7.24	—	7.24
					7.24	0.07	7.31
Madagascar							
Financière d'Investissement ARO	Capital markets	FY90, 91	0.41	—	—	0.41	0.41
La Cotonnière d'Antsirabé (COTONA) S.A.	Textiles	FY86, 90	11.03	—	9.18	0.18	9.37
Les Pêcheries de Nossi Bé, S.A.	Food and agribusiness	FY84, 90	7.01	—	4.43	0.25	4.68
Société Textile de Majunga S.A.	Textiles	FY77, 87	15.03	—	2.89	0.31	3.20
					16.50	1.15	17.65

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Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investments held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Malawi							
David Whitehead and Sons (Malawi) Ltd	Textiles	FY76, 82	10.78	—	0.64	—	0.64
Dwangwa Sugar Corporation Limited	Food and agribusiness	FY77, 81, 85	11.31	—	4.94	—	4.94
Ethanol Company Limited	Chemicals and petrochemicals	FY81, 82	2.46	—	—	0.25	0.25
Investment and Development Bank of Malawi Limited	Development financing	FY79	0.61	—	—	0.61	0.61
The Leasing and Finance Company of Malawi, Limited	Capital markets	FY86, 90	0.86	—	—	0.19	0.19
Viphya Plywoods and Allied Industries Limited	Timber, pulp and paper	FY87	4.43	—	3.62	0.50	4.12
					9.20	1.54	10.74
Mauritius							
General Haulage Limited	Industrial services	FY91	0.14	—	0.11	0.03	0.14
Saxon Management Limited and Saxon Properties Limited	Tourism	FY90	3.60	—	2.46	0.98	3.45
Socota Textile Mills Ltd.	Textiles	FY87	5.99	—	4.29	0.99	5.28
Textile Industries Limited	Textiles	FY90	3.10	—	3.10	—	3.10
					9.96	2.01	11.96
Mozambique							
Companhia Agro-Industrial Lonrho-Moçambique Limitada	Food and agribusiness	FY87	2.50	—	1.50	—	1.50
Xai Xai	Energy	FY88	7.75	—	—	5.24	5.24
					1.50	5.24	6.74
Niger							
Les Moulins du Sahel, S.A.	Food and agribusiness	FY82	2.27	—	2.23	—	2.23
Nigeria							
Afcott Nigeria Limited	Food and agribusiness	FY90	4.50	—	4.50	—	4.50
Arewa Textiles, Ltd.	Textiles	FY64, 67, 70	0.85	0.73	—	0.44	0.44
Dunlop Nigerian Industries Limited	Automotive and accessories	FY88	12.50	—	11.25	—	11.25
Ikeja Hotel Limited	Tourism	FY81, 85, 88, 90	13.05	—	2.50	1.46	3.95
Mobil Producing Nigeria Unlimited	Energy	FY94	75.00	95.00	75.00	—	75.00
Nigerian Textile Mills Limited	Textiles	FY80, 87, 90	23.49	—	2.86	—	2.86
Nigerian-American Merchant Bank Limited	Capital markets	FY91	10.00	—	10.00	—	10.00
Tiger Battery Company (Nigeria) Limited	General manufacturing	FY85, 90	4.40	2.43	3.11	—	3.11
Vicoda Limited	Textiles	FY91	0.10	—	0.10	—	0.10
					109.32	1.90	111.22
Rwanda							
Société Rwandaise des Allumettes (SORWAL) S.A.R.L.	Timber, pulp and paper	FY88	0.20	—	—	0.20	0.20
Senegal							
Africamer S.A.	Food and agribusiness	FY90	3.45	—	3.28	—	3.28
African Seafood S.A.	Food and agribusiness	FY86, 88, 89	4.20	—	2.74	0.93	3.67
Banque de l'Habitat du Sénégal S.A.	Capital markets	FY80	0.46	—	—	0.46	0.46
Industries Chimiques du Sénégal, S.A.	Fertilizers	FY82, 88	37.14	—	12.36	—	12.36
					18.38	1.39	19.77
Sierra Leone							
Sierra Cement Manufacturing Company, Limited—"SERACEM"	Cement and construction materials	FY80	2.05	—	2.05	—	2.05
Somalia							
Somali Bag Company Limited	General manufacturing	FY85	0.98	—	1.00	—	1.00

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1]		Investments held for the Corporation (including undisbursed balances)		
			Total IFC	Total Syndications	Loans	Equity (at cost)	Total loans and equity
Swaziland							
Natex Swaziland Limited	Textiles	FY88	8.77	—	5.00	1.77	6.77
Spintex Holdings Swaziland	Textiles	FY90	3.73	—	—	3.73	3.73
Swaziland Industrial Development Company Limited	Development financing	FY87, 89	3.00	—	2.30	0.70	3.00
The National Textile Corporation of Swaziland Limited	Textiles	FY85	2.20	—	1.02	—	1.02
The Royal Swaziland Sugar Corporation Limited	Food and agribusiness	FY78, 86	10.43	—	—	0.46	0.46
					8.32	6.66	14.98
Tanzania							
Amboni Limited	Food and agribusiness	FY85	4.38	0.71	2.38	—	2.38
Highland Soap and Allied Products Limited	General manufacturing	FY78	1.74	—	0.33	—	0.33
Mufindi Tea Company Limited	Food and agribusiness	FY91	2.80	—	2.80	—	2.80
Tanganyika Sisal Spinning Company Limited	Food and agribusiness	FY90	2.00	—	2.00	—	2.00
					7.51	—	7.51
Togo							
Ducros—Togo, S.A.	Food and agribusiness	FY88	1.30	—	1.39	—	1.39
Togotex International S.A.	Textiles	FY90	1.61	—	—	1.72	1.72
					1.39	1.72	3.11
Uganda							
Development Finance Company of Uganda Limited	Development financing	FY85	0.38	—	—	0.38	0.38
Sugar Corporation of Uganda	Food and agribusiness	FY84	8.00	—	6.00	—	6.00
The Toro and Mityana Tea Company Limited	Food and agribusiness	FY84	1.12	0.50	0.41	—	0.41
Uganda Tea Corporation Limited	Food and agribusiness	FY85	2.81	—	2.93	—	2.93
					9.34	0.38	9.72
Zaire							
Grands Hôtels du Zaire, S.Z.A.R.L.	Tourism	FY85	15.00	—	9.00	—	9.00
Société Textile de Kisangani, S.Z.A.R.L.	Textiles	FY85	9.07	—	8.42	0.40	8.82
Utexafrica, S.P.R.L. and Usines Textiles Cotonnières de Kinshasa (Utexco), S.Z.A.R.L.	Textiles	FY88	12.91	—	13.15	—	13.15
					30.57	0.40	30.97
Zambia							
Gwembe Valley Development Company Limited	Food and agribusiness	FY88	4.50	—	3.70	0.80	4.50
Kafue Textile of Zambia Limited	Textiles	FY80, 85	10.75	—	8.63	—	8.63
Masstock (Zambia) Limited	Food and agribusiness	FY89	8.00	—	8.00	—	8.00
Zambia Bata Shoe Company Limited	General manufacturing	FY72, 73	1.15	1.13	—	0.23	0.23
Zambia Consolidated Copper Mines Limited	Nonferrous metals	FY80, 82	45.14	8.00	17.34	—	17.34
Zambia Hotel Properties Limited	Tourism	FY84, 91	7.50	15.03	6.52	—	6.52
					44.18	1.03	45.21
Zimbabwe							
Barclays Bank of Zimbabwe Limited	Capital markets	FY91	10.10	10.00	9.74	—	9.74
Crest Breeders International (Private) Limited	Food and agribusiness	FY86	5.81	—	3.33	0.63	3.96
First Merchant Bank of Zimbabwe Limited	Capital markets	FY91	15.19	15.00	14.69	—	14.69
FMB Holdings Limited	Capital markets	FY91	2.31	—	—	2.31	2.31
Mashonaland Holdings Limited	General manufacturing	FY90	4.57	—	4.24	—	4.24
Mat-tools and Forging (Private) Limited	Industrial equipment and machinery	FY91	0.72	—	0.44	0.28	0.72
Merchant Bank of Central Africa Limited	Capital markets	FY91	12.69	12.50	12.29	—	12.29
National Blankets Limited	Textiles	FY91	6.53	—	6.53	—	6.53
Retrofit (Private) Limited	Industrial services	FY90	0.36	—	0.29	0.07	0.36
Scotfin Limited	Capital markets	FY90	7.50	—	7.50	—	7.50
Standard Chartered Merchant Bank Zimbabwe Limited	Capital markets	FY91	15.07	15.00	14.69	—	14.69

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Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investments held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Zimbabwe, *continued*							
Syfrets Merchant Bank Limited	Capital markets	FY91	12.60	12.50	12.29	—	12.29
T.A. Trading Corporation Private Limited	Tourism	FY91	2.00	—	2.00	—	2.00
udc Limited	Capital markets	FY85, 87, 89	11.91	—	9.52	0.42	9.93
Venture Capital Company of Zimbabwe, Ltd.	Capital markets	FY91	1.55	—	—	1.55	1.55
Wankie Colliery Company Limited	Mining	FY81	20.00	18.00	2.25	—	2.25
Zimbabwe Spinners and Weavers Limited	Textiles	FY91	5.00	—	5.00	—	5.00
					104.80	5.25	110.05
Regional Investments							
African Management Services Company	Industrial services	FY89	1.40	—	—	1.40	1.40
SIFIDA Investment Company, S.A.	Development financing	FY71, 76, 85	3.77	1.94	—	0.64	0.64
					—	2.04	2.04
Totals for Sub-Saharan Africa					**622.09**	**72.78**	**694.87**
ASIA							
Bangladesh							
Bata Shoe Company (Bangladesh) Limited	General manufacturing	FY85, 86	3.55	1.41	1.54	0.51	2.05
Industrial Development Leasing Company of Bangladesh Limited	Capital markets	FY85	3.19	—	1.71	0.16	1.87
Industrial Promotion and Development Company of Bangladesh Limited	Development financing	FY80	1.05	—	—	1.05	1.05
					3.25	1.72	4.96
China							
China Bicycles Company Limited	General manufacturing	FY88	5.00	—	3.33	—	3.33
Crown (China) Electronics Co. Ltd.	General manufacturing	FY89	15.00	—	15.00	—	15.00
Guangzhou Peugeot Automobile Company Ltd.	Automotive and accessories	FY86	18.23	—	12.19	3.23	15.41
JF China Investment Company Limited	Development financing	FY88	3.04	—	3.00	0.04	3.04
Shenzhen-Chronar Solar Energy Co., Ltd.	General manufacturing	FY89	3.00	—	—	1.00	1.00
					33.52	4.26	37.78
Fiji							
Capos Limited	Tourism	FY86	8.82	—	6.13	—	6.13
Fiji Forest Industries Limited	Timber, pulp and paper	FY87	3.63	—	1.99	1.64	3.63
Merchant Bank of Fiji Limited	Capital markets	FY87	2.35	—	—	0.35	0.35
					8.12	1.98	10.10
India							
Ahmedabad Electricity Company, Limited	Industrial services	FY89	19.46	—	20.30	—	20.30
Bihar Sponge Iron Limited	Iron and steel	FY85, 91	15.49	—	14.47	0.68	15.16
Bombay Suburban Electricity Supply Limited (BSES)	General manufacturing	FY91	50.00	—	50.00	—	50.00
CESC Limited	Industrial services	FY91	20.35	—	20.35	—	20.35
Deepak Fertilisers and Petrochemicals Corporation Limited	Fertilizers	FY80, 82, 87, 89	11.72	—	2.81	2.85	5.66
Export-Import Bank of India*	Capital markets	FY87	15.00	—	13.06	—	13.06
Gujarat Narmada Valley Fertilizers Company Limited	Fertilizers	FY87	33.91	—	31.49	—	31.49
Gujarat Rural Housing Finance Corporation	Capital markets	FY87	0.19	—	—	0.19	0.19
Gujarat State Fertilizers	Chemicals and petrochemicals	FY89	27.16	—	28.53	—	28.53
Herdillia Oxides and Electronics Limited	Chemicals and petrochemicals	FY91	0.29	—	—	0.29	0.29
Hero Honda Motors Limited	Automotive and accessories	FY87	7.74	—	5.76	—	5.76

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investments held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
India, *continued*							
Hindustan Motors Limited	Automotive and accessories	FY87	36.89	—	29.43	—	29.43
Housing Development Finance Corporation Limited	Capital markets	FY78, 87, 91	46.09	60.00	40.00	1.49	41.49
India Equipment Leasing Limited	Capital markets	FY86	2.82	—	—	0.30	0.30
India Lease Development Limited	Capital markets	FY85, 90, 91	9.29	—	3.50	0.56	4.06
Infrastructure Leasing and Financial Services Limited	Capital markets	FY91	16.81	—	15.00	1.81	16.81
Invel Transmissions Limited	Automotive and accessories	FY88	1.07	—	—	1.07	1.07
J.M. Share & Stock Brokers Private Limited	Capital markets	FY90	0.43	—	—	0.37	0.37
Keltron Telephone Instruments Limited	Industrial equipment and machinery	FY89, 90	0.39	—	—	0.39	0.39
Mahindra Ugine Steel Company, Ltd.	Iron and steel	FY64, 75, 79, 90	14.32	0.14	—	1.93	1.93
Mahindra & Mahindra Ltd.	Automotive and accessories	FY90	16.38	—	12.59	3.19	15.78
Modi Cement Limited	Cement and construction materials	FY85	13.05	—	19.15	—	19.15
Nagarjuna Coated Tubes Limited	Iron and steel	FY81	—	—	1.50	0.24	1.74
Nagarjuna Signode Limited	Iron and steel	FY86, 91	0.11	—	0.84	0.41	1.24
Nagarjuna Steels Limited	Iron and steel	FY87	8.15	—	0.16	0.24	0.40
Tata Electric Companies	Industrial services	FY90, 91	105.90	—	101.84	—	101.84
Technology Development and Information Company of India	Capital markets	FY91	2.49	—	—	2.49	2.49
The Great Eastern Shipping Company Limited	Industrial services	FY86	11.87	—	0.67	10.66	11.32
The Indian Rayon Corporation Limited	Chemicals and petrochemicals	FY82, 87	14.55	—	3.32	—	3.32
The Industrial Credit and Investment Corporation of India Limited*	Development financing	FY91	25.00	—	—	25.00	25.00
The Tata Iron and Steel Company Limited	Iron and steel	FY81, 86, 89	70.84	20.00	25.49	12.34	37.83
Titan Watches Limited	General manufacturing	FY87, 89, 90	22.17	—	16.84	0.44	17.28
Triveni Pool Intairdril Limited	Industrial services	FY91	0.55	—	—	0.55	0.55
UCAL Fuel Systems Limited	Automotive and accessories	FY90	0.63	—	—	0.63	0.63
Varun Shipping Company Limited	Industrial services	FY91	1.71	—	1.66	—	1.66
WBI Advanced Technology	General manufacturing	FY89	0.20	—	—	0.20	0.20
					458.76	68.33	527.09
Indonesia							
Bank Niaga*	Capital markets	FY90	7.50	—	7.50	—	7.50
Nomura Jakarta Fund (NJF)	Financial services	FY90	3.00	—	—	1.45	1.45
P.T. Agro Muko	Food and agribusiness	FY91	12.70	—	10.50	2.20	12.70
P.T. Argo Pantes	Textiles	FY91	43.00	53.00	30.00	13.00	43.00
P.T. Astra International, Incorporated	Automotive and accessories	FY90, 91	34.85	—	—	12.50	12.50
P.T. Asuransi Jiwa Dharmala Manulife	Capital markets	FY88	0.32	—	—	0.32	0.32
P.T. Bali Holiday Village	Tourism	FY88	9.32	2.00	2.62	—	2.62
P.T. Bank Umum Nasional*	Capital markets	FY90	10.00	—	10.00	—	10.00
P.T. Indo-Rama Synthetics (Synthetics, the Company)	Textiles	FY91	33.18	—	27.00	6.18	33.18
P.T. Jakarta International Hotel	Tourism	FY73, 89	5.50	7.00	—	2.66	2.66
P.T. Monterado Mas Mining	Mining	FY88	5.50	4.50	0.35	—	0.35
P.T. Papan Sejahtera	Capital markets	FY80	5.20	—	—	1.20	1.20
P.T. Private Development Finance Company of Indonesia	Development financing	FY74	0.48	—	—	0.36	0.36
P.T. Saseka Gelora Leasing	Capital markets	FY82, 85	3.37	2.00	—	0.37	0.37
P.T. Semen Andalas Indonesia	Cement and construction materials	FY80, 88	27.66	25.90	20.87	—	20.87
P.T. Unitex	Textiles	FY71	1.55	1.75	—	0.35	0.35
Raja-Pendopo Oil Exploration Program	Energy	FY91	3.60	—	—	3.60	3.60
					108.85	44.19	153.04

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Korea, Republic of							
Anam Industrial Company Limited	Industrial equipment and machinery	FY88	15.75	—	—	15.75	15.75
Gold Star Company, Ltd.	General manufacturing	FY75, 76, 77, 79, 80, 84, 85, 87, 88, 91	37.31	13.64	—	16.93	16.93
Hae Un Dae Development Company, Ltd.	Tourism	FY75, 90	3.96	—	—	1.21	1.21
Korea Development Investment Corporation*	Capital markets	FY91	0.77	—	—	6.72	6.72
Korea Development Leasing Corporation	Capital markets	FY77, 79, 87, 90	6.75	10.00	—	1.22	1.22
Korea Investment and Finance Corporation	Capital markets	FY71, 74, 76, 79, 80, 82, 85, 89	12.38	—	—	10.80	10.80
Korea Long Term Credit Bank	Development financing	FY68, 74, 76, 77, 78, 80, 88, 90	32.48	8.94	—	22.01	22.01
Korea Securities Finance Corporation	Capital markets	FY75, 77, 80, 82, 84	8.39	—	—	2.01	2.01
Korea Zinc Company, Ltd.	Nonferrous metals	FY76, 86	26.61	—	4.10	5.61	9.72
Taihan Bulk Terminal Co., Ltd.	Industrial services	FY81	6.00	3.50	—	2.50	2.50
Tong Yang Nylon Company, Limited	Textiles	FY75, 88, 89, 91	13.15	—	—	5.64	5.64
					4.10	90.39	94.50
Malaysia							
South East Asia Venture Investment Project (SEAVI)	Capital markets	FY85	1.00	—	—	0.57	0.57
Twenty First Century Oleochemicals Sdn. Bhd.	Chemicals and petrochemicals	FY90	5.24	3.40	4.50	0.74	5.24
					4.50	1.31	5.81
Nepal							
Soaltee Hotel Limited	Tourism	FY75	3.13	—	—	0.43	0.43
Pakistan							
Attock Refinery Limited	Energy	FY79, 82, 84	8.36	7.50	—	0.61	0.61
Dawood Hercules Chemicals, Ltd.	Fertilizers	FY69, 89	21.22	—	13.20	2.92	16.12
Exxon Chemical Pakistan Limited	Fertilizers	FY91	44.45	5.00	35.95	8.50	44.45
First International Investment Bank Limited	Capital markets	FY90	0.68	—	—	0.68	0.68
Habib Arkady Limited	Food and agribusiness	FY81	3.31	—	1.01	—	1.01
Hala Spinning Limited	Textiles	FY89, 91	3.88	—	3.33	0.66	3.99
Mari Gas Company Limited	Energy	FY86	24.98	21.54	4.03	—	4.03
Millat Tractors Limited	Industrial equipment and machinery	FY88	4.90	—	4.38	—	4.38
Packages Limited	Timber, pulp and paper	FY65, 80, 82, 87, 88	16.93	10.09	5.06	0.62	5.68
Pakistan Industrial Credit and Investment Corporation Limited	Development financing	FY63, 69, 75, 89	3.63	—	—	0.59	0.59
Pakistan Industrial Leasing Corporation Limited	Capital markets	FY91	5.00	—	5.00	—	5.00
Pakistan Petroleum Limited	Energy	FY83, 85	26.86	79.20	8.51	1.56	10.07
Pak Suzuki Motor Company Limited	Automotive and accessories	FY90	15.56	—	17.33	—	17.33
Prudential Discount and Guarantee House Limited	Financial services	FY91	0.41	—	—	0.41	0.41
Rupali Polyester Limited	Textiles	FY90	22.10	—	22.38	2.00	24.38
Thatta Exploration Project	Energy	FY87	6.80	—	—	1.58	1.58
					120.19	20.14	140.33
Philippines							
Acoje Mining Company, Inc.	Mining	FY77, 85	3.72	—	1.34	—	1.34
All Asia Capital and Leasing Corporation (AACL)	Capital markets	FY80, 83, 85, 90	5.85	6.00	1.22	0.66	1.88
Automated Microelectronics Inc.	Industrial equipment and machinery	FY91	11.80	—	9.00	2.80	11.80
Avantex Mill Corporation	Textiles	FY91	13.58	—	11.25	2.33	13.58

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Philippines, *continued*							
Best Chemicals and Plastics, Inc.	Chemicals and petrochemicals	FY91	8.80	—	6.50	2.30	8.80
BPI Agricultural Development Bank	Development financing	FY88	0.98	—	—	0.98	0.98
Davao Union Cement Corporation	Cement and construction materials	FY81	16.00	—	2.50	—	2.50
General Milling Corporation	Food and agribusiness	FY79, 90	5.73	—	—	1.73	1.73
Hambrecht & Quist Venture Capital Fund	Capital markets	FY89	2.42	—	—	2.21	2.21
Hopewell Energy (Philippines) Corporation	Industrial services	FY91	11.10	—	9.17	1.10	10.27
Makati Shangri-La Hotel	Tourism	FY91	29.50	—	29.50	—	29.50
Manila Electric Company	Industrial services	FY89	36.93	2.96	28.88	—	28.88
Maria Cristina Chemical Industries, Inc.	Iron and steel	FY74, 79	2.19	—	—	0.44	0.44
NDC-Guthrie Plantations, Inc.	Food and agribusiness	FY82	11.00	—	9.17	—	9.17
Philippine Associated Smelting and Refining Corporation	Nonferrous metals	FY81	5.00	—	—	5.00	5.00
Philippine Long Distance Telephone Company	Industrial services	FY70, 82, 87, 88, 90	88.53	40.00	84.00	—	84.00
Pure Foods Corporation	Food and agribusiness	FY86, 91	1.89	—	—	1.89	1.89
					192.53	21.42	213.95
Sri Lanka							
Bank of Ceylon	Capital markets	FY78, 81	7.00	—	1.37	—	1.37
Development Finance Corporation of Ceylon	Development financing	FY78, 80, 83	0.46	—	—	0.46	0.46
Taj Lanka Hotels Limited	Tourism	FY81	8.90	11.10	1.80	0.64	2.44
Union Assurance Limited	Capital markets	FY88	0.48	—	—	0.48	0.48
					3.17	1.58	4.76
Thailand							
HMC Polymers Company Limited	Chemicals and petrochemicals	FY88	16.50	11.00	13.57	1.50	15.06
National Petrochemical Corporation Limited	Chemicals and petrochemicals	FY84, 86, 88, 89	35.51	—	35.00	0.51	35.51
Northeast Agriculture Company Limited	Food and agribusiness	FY87, 90	2.15	—	1.43	0.52	1.94
Peroxythai Limited	Chemicals and petrochemicals	FY89	10.70	—	10.70	—	10.70
Phansrivivat Company, Ltd	Food and agribusiness	FY88	4.67	—	3.60	1.08	4.68
Sea Minerals Limited	Nonferrous metals	FY83	0.56	—	—	0.48	0.48
SEAVI Project	Capital markets	FY91	1.50	—	—	1.50	1.50
Siam Asahi Technoglass Co., Ltd.	General manufacturing	FY90, 91	8.14	—	—	8.14	8.14
Siam City Cement Co., Ltd.	Cement and construction materials	FY79, 81, 85, 87	56.17	68.00	—	2.11	2.11
Siam Commercial Bank (SCB)*	Development financing	FY90	15.00	—	—	15.00	15.00
The Mutual Fund Company Limited	Financial services	FY77, 90	0.55	—	—	0.55	0.55
The Siam Cement Co., Ltd.	Cement and construction materials	FY69, 76, 78, 80, 85	16.88	15.87	—	1.42	1.42
The Thai Farmers Bank Limited*	Development financing	FY90	5.00	—	—	5.00	5.00
					64.29	37.81	102.11
Regional Investments							
Jardine Fleming Asia Select Limited	Financial services	FY90	11.42	—	—	10.46	10.46
South East Asia Venture Investment Management, Ltd. (SEAVIM)	Capital markets	FY90	—	—	—	0.05	0.05
South East Asia Venture Investment Company N.V. (SEAVIC)	Capital markets	FY85	1.05	—	—	0.63	0.63
					—	11.14	11.14

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Other (Taiwan, China)[2]							
Asia Cement Corporation	Cement and construction materials	FY70	4.02	0.20	—	0.04	0.04
Totals for Asia					**1,001.29**	**304.74**	**1,306.03**
EUROPE							
Cyprus							
Dome Investments Limited	Tourism	FY83	2.06	—	—	0.27	0.27
Leptos Calypso Hotels Limited	Tourism	FY91	8.20	—	8.20	—	8.20
					8.20	0.27	8.47
Hungary							
AGROFERM Hungarian-Japanese Fermentation Industry Ltd.	Food and agribusiness	FY87	11.25	—	8.55	2.70	11.25
Budapest Bank Limited*	Capital markets	FY91	22.29	—	22.29	—	22.29
Dexter Mold Making Company Limited	General manufacturing	FY90	3.89	—	2.79	0.91	3.70
Dunamont Polisztirolgyarto Rt	Chemicals and petrochemicals	FY89	17.21	11.37	14.31	3.76	18.06
First Hungarian Investment Advisory Rt.	Financial services	FY90	0.04	—	—	0.04	0.04
Magyar Suzuki Corporation	Automotive and accessories	FY91	34.72	—	28.20	6.52	34.72
Nomura Magyar Befektetesi Bank Rt.	Capital markets	FY91	1.47	—	—	1.47	1.47
Salgotarjan Glass Wool Limited	Industrial equipment and machinery	FY88	4.97	—	3.44	1.53	4.97
Tetra Pak Hungary Limited	Timber, pulp and paper	FY90	10.51	—	6.76	3.07	9.83
The First Hungary Fund Limited	Financial services	FY90	7.50	—	—	7.50	7.50
Unicbank Rt.	Capital markets	FY87	3.23	—	—	3.23	3.23
					86.34	30.73	117.06
Poland							
Centrala Spoldzielni Ogrodniczych i Pszczelarskich (Hortex)	Food and agribusiness	FY89	15.04	—	16.16	—	16.16
Export Development Bank*	Financial services	FY90	30.06	—	27.78	—	27.78
International Bank in Poland (IBP)	Capital markets	FY91	3.20	—	—	3.20	3.20
THF Hotel Orbis Bristol Limited Liability Company	Tourism	FY91	9.47	—	9.47	—	9.47
					53.42	3.20	56.62
Portugal							
Al Hikma Farmaceutica (Portugal), Limitada	Industrial services	FY91	2.00	—	2.00	—	2.00
Banco Português de Investimento	Development financing	FY82, 85, 87, 88, 89, 90, 91	22.66	2.00	6.77	0.59	7.36
Finantia Capital Sociedade de Capital de Risco S.A.	Financial services	FY90	4.00	—	—	4.00	4.00
Finantia-Sociedade de Investimentos, S.A.	Capital markets	FY88, 89, 91	4.06	—	—	3.82	3.82
Inter-Risco—Sociedade de Capital de Risco S.A.	Capital markets	FY90	0.02	—	—	0.26	0.26
União Industrial Textil e Quimica, S.A.	Chemicals and petrochemicals	FY89	6.63	—	6.28	—	6.28
					15.05	8.67	23.72
Turkey							
Anadolu Cam Sanayii A.S.	Industrial equipment and machinery	FY70, 86, 87, 88, 90	19.55	3.29	7.45	2.05	9.50
Cam Elyaf Sanayii A.S.	Industrial equipment and machinery	FY86	7.94	—	5.50	—	5.50
Dusa Endustriyel Iplik Sanayi	Textiles	FY89	17.00	8.00	17.00	—	17.00

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1]		Investments held for the Corporation (including undisbursed balances)		
			Total IFC	Total Syndications	Loans	Equity (at cost)	Total loans and equity
Turkey, *continued*							
Elginkan Holding A.S.	General manufacturing	FY88	16.45	—	16.16	—	16.16
Eska Turism ve Ticaret A.S.	Tourism	FY86, 89	9.08	—	9.25	—	9.25
Guney Sanayi ve Ticaret Isletmeleri A.S.	Textiles	FY87	16.48	—	13.54	—	13.54
Is Genel Finansal Kiralama A.S.	Capital markets	FY88, 90, 91	0.71	—	—	0.71	0.71
Isko Testil Sanayi ve Ticaret A.S.	Textiles	FY89	32.27	—	35.15	—	35.15
Kamelya Turizm Isletmecilik Ticaret A.S.	Tourism	FY90	11.84	—	11.15	—	11.15
Kepez Elektrik T.A.S.	Industrial services	FY91	25.00	—	25.00	—	25.00
Kiris Otelcilik Ve Turizm A.S.	Tourism	FY89, 90	13.03	—	13.13	—	13.13
Kirklareli Cam Sanayii A.S.	General manufacturing	FY81, 89	30.45	1.95	20.54	—	20.54
Koy-Tur Holding A.S.	Food and agribusiness	FY91	12.60	—	8.60	4.00	12.60
Kula Mensucat Fabrikasi A.S.	Textiles	FY91	18.36	—	18.36	—	18.36
Man Kamyon ve Otobus Sanayi A.S.	Automotive and accessories	FY85	6.47	—	5.95	—	5.95
Mersin Enternasyonal Otelcilik, A.S.	Tourism	FY90	8.50	4.00	8.50	—	8.50
M.A.N. Motor Sanayi ve Ticaret A.S.	Automotive and accessories	FY82	7.89	—	1.90	—	1.90
Pinar Entegre et ve Yem Sanayii A.S.	Food and agribusiness	FY84	3.90	—	1.11	—	1.11
Ram Dis Ticaret A.S.	Capital markets	FY89	3.25	1.51	3.43	—	3.43
Sanko Santral Konfeksiyon ve Ticaret A.S.	General manufacturing	FY89	6.22	—	6.69	—	6.69
Santral Dikis Sanayii A.S.	Textiles	FY89	7.34	—	7.80	—	7.80
Sariville Turistik Tesisler A.S.	Tourism	FY89	4.81	—	2.79	2.15	4.94
Silkar Turizm Yatirim ve Isletmeleri A.S.	Tourism	FY86, 90	18.98	9.60	12.45	4.91	17.36
Simplot-Besikcioglu A.S. French Fries (SB)	Food and agribusiness	FY90, 91	9.13	—	9.13	—	9.13
Trakya Cam Sanayii A.S.	Industrial equipment and machinery	FY79, 81, 83, 84, 89, 91	63.20	31.39	35.65	7.83	43.49
Turk Dis Ticaret Bankasi A.S.	Capital markets	FY89	12.50	47.50	12.50	—	12.50
Turkiye Sinai Kalkinma Bankasi, A.S.	Development financing	FY64, 67, 69, 72, 73, 75, 76, 77	19.74	45.03	—	1.35	1.35
Uluslararasi Endustri ve Ticaret Bankasi A.S.	Financial services	FY85, 88, 91	15.00	105.00	11.25	—	11.25
Viking Kagit ve Seluloz, A.S.	Timber, pulp and paper	FY70, 71, 82, 83	3.32	—	—	0.82	0.82
Yeditepe Beynelmilel Otelcilik Turizm ve Ticaret A.S.	Tourism	FY90	25.00	24.00	21.00	4.00	25.00
					340.98	27.83	368.81
Yugoslavia							
Belisce-Bel Tvornica Papira, Poluceluloze i Kartonaze—Belisce	Timber, pulp and paper	FY73, 81	30.98	39.89	4.00	—	4.00
Delo Publishing and Printing House	Timber, pulp and paper	FY91	3.73	—	3.62	—	3.62
Ina-Naftaplin	Energy	FY85	28.87	8.91	3.10	—	3.10
Industrija Za Avtomobilski Delovi i Traktori—"Ruen" Kocani	Automotive and accessories	FY82	10.63	—	4.81	—	4.81
Institut Za Fizikalnu Medicinu I Rehabilitaciju—Dr. Simo Milosevic-Igalo	Industrial services	FY82	19.15	—	12.24	—	12.24
Investiciona Banka Titograd-Udruzena Banka	Tourism	FY80	21.00	—	4.00	—	4.00
ISKRA	Industrial equipment and machinery	FY85, 89	22.67	10.60	19.33	—	19.33
Jugobanka—Udruzena Banka Beograd	Financial services	FY86	25.44	10.36	22.04	—	22.04
Ljubljanska Banka—Zdruzena Banka	Financial services	FY83, 86	71.15	30.12	42.76	—	42.76
Radoje Dakic	Industrial equipment and machinery	FY80	18.70	—	3.51	—	3.51
Salonit Anhovo Industrija Grad Materiala	Cement and construction materials	FY90	7.50	—	7.15	—	7.15
Small-Scale Enterprise Project (Loan to Eight Banks)	Financial services	FY80	26.00	4.23	3.21	—	3.21
Sour Energoinvest	Industrial equipment and machinery	FY85	15.18	—	11.03	—	11.03
Tovarna Avtomobilov in Motorjev Maribor	Automotive and accessories	FY71, 80, 87	35.39	0.87	22.52	—	22.52

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Yugoslavia, *continued*							
Tovarna Avtopnevmatike "Sava-Semperit"	Automotive and accessories	FY72, 78, 80, 88	26.81	1.34	13.93	—	13.93
Tvornica Kartona I Ambalaze Cazin	Timber, pulp and paper	FY77	10.82	7.37	4.12	—	4.12
UNIAL—Tovarna Glinice in Aluminija Boris Kidric	Nonferrous metals	FY86	35.60	—	31.88	—	31.88
Vojvodjanska Banka-Udruzena Banka	Financial services	FY87, 89	51.94	31.09	50.49	—	50.49
					263.74	—	263.74
Totals for Europe					**767.72**	**70.70**	**838.42**
LATIN AMERICA AND THE CARIBBEAN							
Argentina							
Alpargatas S.A.I.C.	Textiles	FY77, 84, 86, 88	42.93	7.50	20.78	5.00	25.78
Alpesca, S.A.	Food and agribusiness	FY79, 83, 84	6.81	—	—	1.61	1.61
Arcor S.A.I.C.	General manufacturing	FY88	12.00	—	9.00	—	9.00
Argentine Investment Company	Financial services	FY89	2.00	—	—	2.00	2.00
Astra—Compañia Argentina de Petróleo S.A.	Energy	FY89	25.00	—	22.92	—	22.92
Astra—C.A.P.S.A. (Lindero Field)	Energy	FY88	12.38	—	7.12	—	7.12
Banco de Crédito Argentino S.A.	Financial services	FY91	10.00	—	10.00	—	10.00
Banco Francés del Rio de la Plata S.A.	Development financing	FY89	15.00	—	15.00	—	15.00
Banco General de Negocios S.A.*	Capital markets	FY88, 89	20.00	—	18.36	—	18.36
Banco Rio de la Plata, S.A.	Capital markets	FY88	30.00	—	30.00	—	30.00
Banco Roberts S.A.*	Capital markets	FY86, 89, 91	28.00	—	20.55	2.00	22.55
Bridas S.A.P.I.C.	Energy	FY88	20.62	—	6.75	—	6.75
Bunge y Born S.A.	General manufacturing	FY88	40.00	—	32.00	—	32.00
Chihuidos Oil Exploration Program	Energy	FY89	4.95	—	—	4.95	4.95
Chirete/Morillo/Olleros Oil Exploration Program	Energy	FY88	5.20	—	—	5.19	5.19
Compañia General de Inversiones	Financial services	FY89	0.10	—	—	0.10	0.10
Corporación de Inversiones y Privatización S.A.	Financial services	FY90	0.08	—	—	0.08	0.08
Hidra Oil Development Project	Energy	FY87, 90	80.00	21.90	44.90	—	44.90
Ipako Industrias Petroquimicas Argentinas S.A.	Chemicals and petrochemicals	FY78, 79, 82, 87	20.31	—	—	2.00	2.00
Juan Minetti S.A.	Cement and construction materials	FY78, 81, 82, 86, 87	35.50	67.50	16.42	—	16.42
Massuh S.A.	Timber, pulp and paper	FY78, 85, 87, 88, 91	28.75	3.00	14.61	4.25	18.86
Petroquimica Cuyo S.A.I.C.	Chemicals and petrochemicals	FY84, 86	25.00	21.20	15.72	4.00	19.72
Petroquímica Ensenada S.A. (Petroken)	Chemicals and petrochemicals	FY90, 91	20.00	11.00	20.00	—	20.00
Roberts Participaciones S.A. (Ropasa)	Capital markets	FY90	0.05	—	—	0.05	0.05
S.A. de Inversiones de Capital de Riesgo (SADICAR)	Capital markets	FY86, 90	2.05	—	—	2.00	2.00
S.A. Garovaglio y Zorraquin	Chemicals and petrochemicals	FY87	13.00	—	9.75	—	9.75
Terminal 6 S.A.	Industrial services	FY87, 90, 91	12.50	—	9.96	—	9.96
					323.85	33.22	357.07
Barbados							
Caribbean Financial Services Corporation	Capital markets	FY84	0.30	—	—	0.30	0.30
Town and Commercial Properties Limited	Tourism	FY87	1.25	—	1.03	—	1.03
					1.03	0.30	1.33
Belize							
Journeys End Caribbean Club Limited	Tourism	FY91	1.00	—	1.00	—	1.00

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1]		Investments held for the Corporation (including undisbursed balances)		
			Total IFC	Total Syndications	Loans	Equity (at cost)	Total loans and equity
Bolivia							
Banco Industrial, S.A.	Development financing	FY76, 88	10.55	—	9.29	—	9.29
Bermejo Petroleum Development & Exploration	Energy	FY91	5.90	—	—	5.90	5.90
Compañia Minera Concepción S.A.	Mining	FY87	1.20	—	—	0.40	0.40
Compañia Minera del Sur, S.A.	Nonferrous metals	FY90	10.00	—	7.00	3.00	10.00
Plasmar, S.A.	General manufacturing	FY73	0.40	—	—	0.10	0.10
					16.29	9.40	25.69
Brazil							
Amapa Florestal e Celulose S.A.—AMCEL	Timber, pulp and paper	FY87	14.00	—	14.00	—	14.00
Bahia Sul Celulose, S.A.	Timber, pulp and paper	FY90, 91	61.00	—	40.00	21.00	61.00
Banco Bozano, Simonsen de Investimento S.A.	Capital markets	FY88	20.00	—	18.35	—	18.35
Banco Itaú S.A.	Capital markets	FY88	30.00	—	26.65	—	26.65
Brasilpar Comércio e Participações S.A.	Capital markets	FY81	1.50	—	—	1.19	1.19
Brasital S.A. para a Indústria e o Comercio	Textiles	FY88	0.10	—	0.09	—	0.09
Cebrace—Companhia Brasileira de Cristal	Industrial equipment and machinery	FY88	45.00	—	36.01	5.00	41.01
Cimento Caue S.A.	Cement and construction materials	FY82, 87	25.00	20.00	9.20	3.26	12.46
CIMINAS—Cimento Nacional de Minas, S.A.	Cement and construction materials	FY72, 75, 81, 87	51.08	154.76	10.00	—	10.00
Companhia Alcoolquimica Nacional—Alcoolquimica	Chemicals and petrochemicals	FY84	24.00	—	3.44	3.72	7.16
Companhia Brasileira de Agropecuária—COBRAPE	Food and agribusiness	FY81	8.50	—	4.50	3.00	7.50
Companhia Vidraria Santa Marina	Industrial equipment and machinery	FY91	15.00	10.00	15.00	—	15.00
COPENE—Petroquimica do Nordeste S.A.	Chemicals and petrochemicals	FY89, 90	45.00	5.00	45.00	—	45.00
Dende do Para S/A—DENPASA—Agricultura, Indústria e Comércio de Oleaginosas	Food and agribusiness	FY80	4.50	—	0.72	1.00	1.72
Duratex S.A.	Timber, pulp and paper	FY88	7.37	—	6.39	—	6.39
Eluma S.A. Industria e Comercio	Nonferrous metals	FY89	15.00	—	15.00	—	15.00
Empresa de Desenvolvimento de Recursos Minerais "CODEMIN" S.A.	Iron and steel	FY73, 78, 83	26.14	67.60	—	4.34	4.34
Engepol Engenharia de Polimeros	General manufacturing	FY91	3.50	—	3.50	—	3.50
Equity Fund of Brazil	Financial services	FY88, 89, 90, 91	20.67	—	—	16.38	16.38
Fabrica Carioca de Catalisadores S.A.	Chemicals and petrochemicals	FY88	20.50	—	16.44	—	16.44
Fabrica de Tecidos Tatuape S.A.	Textiles	FY88	16.55	—	8.21	—	8.21
Iochpe S/A—Arrendamento Mercantil ("IAM")	Capital markets	FY82	10.45	20.00	1.01	—	1.01
Minerações Brasileiras Reunidas S.A.	Iron and steel	FY88	20.00	—	17.11	—	17.11
Nitroclor Productos Quimicos S.A.	Chemicals and petrochemicals	FY86, 88	8.70	—	0.90	5.70	6.60
Papel e Celulose Catarinense, S.A.	Timber, pulp and paper	FY89	19.56	2.63	15.00	—	15.00
Perdigão S.A. Comercio e Indústria	Food and agribusiness	FY88	20.00	—	17.20	—	17.20
Petroquimica Triunfo S.A.	Chemicals and petrochemicals	FY81, 87	19.11	31.00	1.78	3.06	4.84
PISA—Papel de Imprensa S.A.	Timber, pulp and paper	FY83, 85, 88	58.80	31.67	22.00	7.20	29.20
Polisul Petroquimica S.A.	Chemicals and petrochemicals	FY80, 81, 87	21.00	28.00	1.37	6.00	7.37
Politeno Linear Industria e Comercio de Productos	Chemicals and petrochemicals	FY89	25.00	—	18.50	6.50	25.00
PPH—Companhia Industrial de Polipropileno	Chemicals and petrochemicals	FY80	33.00	—	16.01	1.64	17.65
Quimica da Bahia Indústria e Comercio S.A.	Chemicals and petrochemicals	FY85	5.29	—	0.15	1.80	1.95
Ripasa S.A. Celulose e Papel	Timber, pulp and paper	FY91	25.00	—	20.00	5.00	25.00
Santista Indústria Textile de Sergipe S.A.	Textiles	FY88	4.50	—	2.99	1.30	4.29

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Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investments held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Brazil, *continued*							
Sao Paulo Alpargatas S.A.	Textiles	FY87	30.00	—	26.01	—	26.01
SOCOCO S/A—Agroindustrias da Amazonia	Food and agribusiness	FY83	5.50	—	—	2.50	2.50
Sotave Amazonia Quimica e Mineral S/A	Fertilizers	FY80, 83	28.00	13.00	14.20	—	14.20
S.A. Moinho Santista Industrias Gerais	Textiles	FY88	4.00	—	3.73	—	3.73
Toalia S.A. Industria Textil	Textiles	FY88	1.90	—	1.77	—	1.77
Unibanco—União de Bancos Brasileiros S.A.	Capital markets	FY88	30.00	—	22.72	—	22.72
					474.95	99.58	574.54
Chile							
Cape Horn Methanol Ltd.	Chemicals and petrochemicals	FY86, 88	100.00	—	42.63	5.00	47.63
Celulosa Arauco y Constitución S.A.	Timber, pulp and paper	FY87, 88	85.00	35.50	80.29	—	80.29
Celulosa del Pacífico, S.A.	Timber, pulp and paper	FY90	50.00	33.00	40.00	10.00	50.00
Compania de Teléfonos de Chile S.A.	Industrial services	FY91	99.09	—	80.00	—	80.00
Compañia de Carbones de Chile COCAR S.A.	Mining	FY86	18.70	—	—	2.20	2.20
International Investment Company of Chile S.A.	Financial services	FY89	3.75	—	—	3.75	3.75
Investment Management Company	Financial services	FY88	0.06	—	—	0.06	0.06
Leasing Andino S.A.	Capital markets	FY91	5.00	5.00	4.70	—	4.70
Minera Escondida Limitada	Nonferrous metals	FY89	85.00	—	55.53	15.00	70.53
The Chile Investment Company S.A.	Financial services	FY88	4.65	—	—	4.65	4.65
					303.16	40.66	343.82
Colombia							
Carbones del Caribe, S.A.	Mining	FY84, 87	14.78	—	6.43	—	6.43
Cementos Rioclaro S.A.	Cement and construction materials	FY84	16.00	11.47	0.93	1.40	2.33
Compañia Colombiana de Tejidos	Textiles	FY91	22.50	—	22.50	—	22.50
Corporación Financiera del Valle*	Development financing	FY91	—	—	4.20	4.78	8.98
Corporación Financiera Nacional	Development financing	FY62, 63, 85	8.04	—	—	0.04	0.04
Enka de Colombia, S.A.	Textiles	FY67, 70, 74, 85, 86, 87, 89	43.82	17.10	31.72	—	31.72
Frigoríficos Colombianos S.A.	Industrial services	FY83, 89	1.58	—	—	0.72	0.72
Leasing Bolivar, S.A.	Capital markets	FY81, 85, 87, 90	7.22	7.00	0.88	0.22	1.09
Oleoducto de Colombia S.A.	Industrial services	FY91	35.00	35.00	35.00	—	35.00
Petroleos Colombianos Limited	Energy	FY81, 82	6.75	9.26	1.79	3.43	5.23
Productos Derivados de la Sal, S.A. (PRODESAL)	Chemicals and petrochemicals	FY87	7.18	—	4.15	1.18	5.33
Promotora de la Interconexión de los Gasoductos de la Costa Atlantica S.A.	Industrial services	FY77	18.00	7.00	10.00	2.00	12.00
					117.60	13.78	131.38
Costa Rica							
Corporación Banex, S.A. and Banex Internacional, S.A.	Capital markets	FY91	5.85	—	5.00	0.85	5.85
Scott Paper Company de Costa Rica, S.A.	Timber, pulp and paper	FY78, 87	4.00	—	0.38	—	0.38
					5.38	0.85	6.23
Dominica							
Fort Young (1986) Ltd.	Tourism	FY89	0.70	—	—	0.70	0.70
Dominican Republic							
Cementos Nacionales, S.A.	Cement and construction materials	FY74, 81, 88	7.83	—	—	1.83	1.83
Compañia Dominicana de Leasing, S.A.	Capital markets	FY84	3.15	—	—	0.05	0.05
Productora Nacional de Algodon, C. por A.	Food and agribusiness	FY83, 84, 89	2.94	2.40	1.36	0.73	2.09
Sociedad Comercializadora S.A.	Cement and construction materials	FY90	0.08	—	—	0.08	0.08

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Dominican Republic, *continued*							
Transamerican Hoteles, Dechiaro, Siskind, Vincent & Co. S. en C. por A.	Tourism	FY87	6.00	—	3.86	—	3.86
Zona Franca San Isidro S.A.	Industrial services	FY90	6.00	—	6.00	—	6.00
					11.22	2.69	13.91
Ecuador							
Compañía Financiera Ecuatoriana de Desarrollo, S.A.	Development financing	FY69, 73, 75, 77, 81, 82, 89	4.59	—	4.00	0.37	4.37
Facturas Internacionales S.A.	Capital markets	FY88	0.09	—	—	0.09	0.09
					4.00	0.46	4.46
Grenada							
Issa Nicholas (Grenada) Limited	Tourism	FY86	6.00	—	3.94	—	3.94
Haiti							
Promoteurs et Investisseurs Associés, S.A.	Food and agribusiness	FY82	1.50	—	0.18	0.11	0.29
Honduras							
Granjas Marinas San Bernardo S.A. de C.V.	Food and agribusiness	FY87	0.57	—	—	0.57	0.57
Textiles Río Lindo, S.A. de C.V.	Textiles	FY78, 90	4.77	6.00	2.40	1.00	3.40
					2.40	1.57	3.97
Jamaica							
Eagle Merchant Bank of Jamaica Limited	Capital markets	FY89	5.00	—	4.50	—	4.50
Jamaica Citizens Bank Limited	Capital markets	FY89	5.00	—	3.95	—	3.95
Mutual Security Bank Limited	Capital markets	FY89	5.00	—	3.62	—	3.62
St. Mary Banana Estates Limited	Food and agribusiness	FY87	4.66	—	3.65	0.84	4.49
The Falcon Fund (1985) Limited	Financial services	FY86	2.55	—	0.77	—	0.77
					16.49	0.84	17.33
Mexico							
Apasco, S.A. de C.V.	Cement and construction materials	FY88, 89, 90, 91	77.38	—	54.50	—	54.50
Banca Serfin, S.N.C.	Capital markets	FY89	60.00	—	60.00	—	60.00
Banco Nacional de México, S.N.C.	Capital markets	FY90	60.00	—	60.00	—	60.00
Bancomer, S.N.C.	Capital markets	FY90	20.00	—	20.00	—	20.00
Celulosa y Papel de Durango, S.A. de C.V.	Timber, pulp and paper	FY86, 89	13.07	—	10.00	3.07	13.07
Conductores Monterrey, S.A.	Industrial equipment and machinery	FY79, 91	8.41	13.00	4.79	—	4.79
Crescent Market Aggregates Project	Mining	FY88	37.00	—	14.00	—	14.00
Empresas Tolteca de México, S.A.	Cement and construction materials	FY79, 84	37.95	138.00	0.88	—	0.88
Fomento Económico Mexicano S.A. de C.V. (Visa)	General manufacturing	FY89, 90	107.60	—	76.25	27.60	103.85
Grupo Condumex S.A. de C.V.	General manufacturing	FY90, 91	35.00	18.00	35.00	—	35.00
Grupo Primex, S.A. de C.V.	Chemicals and petrochemicals	FY85, 91	32.00	4.40	20.67	—	20.67
Hotel Camino Real Ixtapa, S.A.	Tourism	FY79, 81, 87	4.20	—	—	4.20	4.20
Indelpro, S.A. de C.V.	Chemicals and petrochemicals	FY90	27.00	3.00	27.00	—	27.00
Industrias Sulfamex, S.A. de C.V.	Fertilizers	FY87	2.50	—	1.89	0.50	2.39
Metalsa, S.A.	Automotive and accessories	FY84, 88	9.40	—	5.00	—	5.00
Petrocel, S.A.	Chemicals and petrochemicals	FY91	32.00	—	32.00	—	32.00
Polimar, S.A. de C.V.	Chemicals and petrochemicals	FY89	14.50	—	14.50	—	14.50
Salumi, S.A. de C.V.	Food and agribusiness	FY88, 90	22.52	—	15.52	2.00	17.52
Sealed Power de Mexico, S.A. de C.V. and Spimex, S.A. de C.V.	Automotive and accessories	FY88	9.00	—	6.00	—	6.00

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Mexico, *continued*							
Universal de Valores, S.A. de C.V.	Food and agribusiness	FY81	9.30	5.00	—	1.67	1.67
Vidrio Plano de México, S.A. and Vitro Flotado, S.A.	Industrial equipment and machinery	FY80	15.00	99.90	2.40	—	2.40
Vitro Flotado, S.A. de C.V.	Industrial equipment and machinery	FY91	35.17	101.00	25.00	10.17	35.17
					485.40	49.21	534.60
Panama							
Banco Latinoamericano de Exportaciones, S.A.	Capital markets	FY79, 85, 86, 88	49.83	—	5.00	2.50	7.50
Vidrios Panameños, S.A.	General manufacturing	FY78	3.80	—	—	0.64	0.64
					5.00	3.14	8.14
Paraguay							
Sociedad Agricola Golondrina S.A.	Food and agribusiness	FY82, 90	7.36	—	2.93	—	2.93
Peru							
Compañía de Cemento Pacasmayo, S.A.	Cement and construction materials	FY64, 67	0.25	1.36	—	0.09	0.09
Compañía de Minas Buenaventura, S.A.	Mining	FY79, 83, 86	8.06	—	—	2.06	2.06
Compañía de Minas Orcopampa, S.A.	Mining	FY86	9.00	—	3.75	—	3.75
Consorcio Energético de Huancavelica, S.A.	Industrial services	FY82	4.50	—	1.21	—	1.21
S.A. Minera Regina	Nonferrous metals	FY85	5.24	—	2.58	0.12	2.70
					7.55	2.27	9.82
Saint Lucia							
Club St. Lucia (Smugglers Village) Limited	Tourism	FY91	3.70	—	3.70	—	3.70
Trinidad and Tobago							
The Home Mortgage Bank	Capital markets	FY87	0.41	—	—	0.41	0.41
Trinidad and Tobago Development Finance Company Limited	Development financing	FY89	0.47	—	—	0.47	0.47
Trinidad Nitrogen Company Limited	Fertilizers	FY87	34.93	150.00	25.19	—	25.19
					25.19	0.88	26.07
Uruguay							
Astra Pesquerias Uruguayas S.A.	Food and agribusiness	FY79, 83, 86, 89, 90	10.04	—	7.33	—	7.33
Azucitrus S.A.	Food and agribusiness	FY85	9.97	—	8.18	2.40	10.58
Migranja S.A.	Food and agribusiness	FY90	4.35	—	2.35	2.00	4.35
Sur Invest Casa Bancaria S.A.	Capital markets	FY89	12.59	10.00	0.73	1.79	2.52
					18.59	6.19	24.78
Venezuela							
Corimon C.A. S.A.C.A.	Chemicals and petrochemicals	FY91	20.00	—	—	20.00	20.00
C.A. Venzolana de Cementos	Cement and construction materials	FY88	10.00	—	10.00	—	10.00
Eka Nobel de Venezuela C.A.	Chemicals and petrochemicals	FY91	14.30	18.00	14.30	—	14.30
Financiera Mercantil	Capital markets	FY91	20.00	—	20.00	—	20.00
Operaciones al Sur del Orinoco	Iron and steel	FY89	37.38	35.75	34.71	—	34.71
Polipropilena de Venezuela	Chemicals and petrochemicals	FY89	33.00	14.00	40.00	—	40.00
Productora de Alcoholes Hidratados, C.A.	Chemicals and petrochemicals	FY91	39.40	2.00	30.80	8.60	39.40
					149.81	28.60	178.41

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Regional Investments							
New World Investment Fund	Financial services	FY89	12.50	—	—	12.50	12.50
Totals for Latin America and the Caribbean					**1,979.62**	**306.97**	**2,286.59**

MIDDLE EAST AND NORTH AFRICA

Egypt, Arab Republic of							
Al Bardi Paper Mill Company (S.A.E.)	Timber, pulp and paper	FY91	6.20	—	6.20	—	6.20
Alexandria National Iron & Steel Company S.A.E.	Iron and steel	FY84	38.40	64.00	—	4.59	4.59
Aluminum Sulphate Company of Egypt S.A.E.	Chemicals and petrochemicals	FY86	0.57	—	—	0.57	0.57
Arab Ceramic Company S.A.	Cement and construction materials	FY76, 82	6.24	1.50	—	0.95	0.95
Bechtel Egypt S.A.E.	Industrial services	FY88	0.10	—	—	0.10	0.10
Crocodile Tourist Project Company SAE	Tourism	FY82	5.13	—	—	1.37	1.37
Delta Sugar Company S.A.E.	Food and agribusiness	FY78, 83	15.51	8.00	—	2.51	2.51
Egypt Investment Finance Corporation, S.A.E.	Capital markets	FY85	1.64	—	—	0.12	0.12
Ismailia Fish Farming Company, S.A.E.	Food and agribusiness	FY80, 81, 83	5.01	—	0.96	—	0.96
Ismailia Misr Poultry Company, S.A.E.	Food and agribusiness	FY79, 83	14.35	—	—	1.65	1.65
Meleiha Oil Development and Exploration Project	Energy	FY87, 88	28.70	—	—	17.82	17.82
Phoenix Resources Company of Egypt	Energy	FY88	20.00	—	9.60	—	9.60
Suez Cement Company S.A.E.	Cement and construction materials	FY80	30.00	—	3.41	—	3.41
Victoria United Hotels Company (S.A.E.)	Tourism	FY91	5.82	—	5.30	0.52	5.82
					25.48	30.19	55.67
Jordan							
Al-Hikma Pharmaceuticals Company	General manufacturing	FY87, 91	4.21	—	1.55	2.02	3.57
Jordan Lime and Silicate Brick Industries Company Limited	Cement and construction materials	FY79, 85	3.85	—	0.77	—	0.77
					2.32	2.02	4.34
Mauritania							
Mines d'Or d'Akjoujt	Mining	FY91	4.19	—	3.38	0.82	4.19
Morocco							
Banque Nationale pour le Développement Economique	Development financing	FY63, 78, 84, 86	46.69	40.24	36.76	1.54	38.30
Cérame Afrique Industries	Cement and construction materials	FY91	4.90	—	3.28	1.62	4.90
Cimenterie Nouvelle de Casablanca—Cinouca, S.A.	Cement and construction materials	FY82, 83	17.84	—	3.95	—	3.95
Compagnie Maritime Maroco-Norvégienne (COMARIT)	Industrial services	FY89	4.30	2.00	3.38	—	3.38
Crédit Immobilier et Hôtelier	Development financing	FY87, 90	67.15	78.30	63.00	—	63.00
Fruitière Marocaine de Transformation "FRUMAT"	Food and agribusiness	FY86	7.58	—	4.23	—	4.23
Settat Filature "SETAFIL"	Textiles	FY88	4.86	—	2.91	0.92	3.83
Société Minière du Bou-Gaffer "SOMIFER"	Nonferrous metals	FY80	15.33	—	—	2.35	2.35
					117.51	6.43	123.94
Oman							
Oman Development Bank S.A.O.G.	Development financing	FY79	2.03	—	—	1.01	1.01

International Finance Corporation

INVESTMENT PORTFOLIO

June 30, 1991
Expressed in United States dollars (in millions)

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investments held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Tunisia							
Adwya S.A.	General manufacturing	FY87, 91	2.45	—	2.23	0.34	2.57
Banque de Développement Economique de Tunisie	Development financing	FY66, 70, 78	2.30	—	—	2.30	2.30
Banque Nationale de Développement Touristique	Development financing	FY69	9.08	1.17	—	2.25	2.25
Comète Engineering	Industrial services	FY87	0.04	—	—	0.04	0.04
Industries Chimiques du Fluor, S.A.	Nonferrous metals	FY74	0.64	—	—	0.64	0.64
Rozzi Edilizzia Industrializzata de Tunisie "REIT"	Industrial equipment and machinery	FY87	1.57	—	1.26	0.41	1.67
Société des Industries Textiles Réunies, S.A.	Textiles	FY88	4.39	—	2.46	2.15	4.61
Société Industrielle des Textiles (SITEX)	Textiles	FY86	8.21	—	3.44	2.15	5.59
Société Minière de Spath Fluor et Barytine "Fluobar"	Mining	FY85	0.25	—	—	0.25	0.25
Société Monastirienne Internationale des Textiles	Textiles	FY91	4.68	—	3.44	1.24	4.68
Sociétés d'Etudes et de Développement de Sousse Nord	Tourism	FY73, 75	3.16	—	—	0.63	0.63
					12.83	12.40	25.24
Yemen, Republic of							
Marib Agriculture Company, Y.S.C.	Food and agribusiness	FY87	2.70	—	2.40	—	2.40
National Company for Vegetable Oil and Ghee Industries Limited	Food and agribusiness	FY85	4.65	—	1.93	—	1.93
Yemen Battery Manufacturing Company, Y.S.C.	General manufacturing	FY84, 85	3.80	0.35	3.25	—	3.25
					7.58	—	7.58
Totals for Middle East and North Africa					**169.10**	**52.88**	**221.98**

WORLDWIDE

Algemene Bank Nederland N.V. (Multi-Country Loan Facility)*	Capital markets	FY90	25.00	25.00	25.00	—	25.00
Banque Indosuez (Multi-Country Loan Facility)*	Capital markets	FY90	25.00	25.00	25.00	—	25.00
Banque Nationale de Paris (Multi-Country Loan Facility)*	Capital markets	FY91	25.00	25.00	25.00	—	25.00
Commonwealth Equity Fund Limited	Financial services	FY91	7.50	—	—	5.00	5.00
Crédit Lyonnais (Multi-Country Loan Facility)*	Capital markets	FY91	25.00	25.00	25.00	—	25.00
Emerging Markets Growth Fund, Inc.	Financial services	FY88	18.91	—	—	6.49	6.49
Emerging Markets Investment Fund	Financial services	FY88	10.00	—	—	10.00	10.00
NMB (Multi-Country Loan Facility)*	Capital markets	FY90	25.00	37.50	25.00	—	25.00
Totals for Worldwide Investments					**125.00**	**21.49**	**146.49**

* Financial intermediary through which IFC makes loans to, and equity investments in, various companies.

[1] Commitments include funds to be provided by IFC for its own account, funds to be provided by participants through the purchase of an interest in IFC's investment, and funds to be provided by other financial institutions in association with IFC, where IFC has rendered material assistance in mobilizing those funds. Original commitments are composed of disbursed and undisbursed balances. The undisbursed portion is revalued at current exchange rates while the disbursed portion represents the cost of the commitment at the time of disbursement. Loans held for the Corporation are revalued at the current exchange rates.

[2] Represents investments made at a time when the authorities on Taiwan represented China in the International Finance Corporation (prior to May 15, 1980).

Note: The operational investments are represented by loans and equity, as stated. In addition, in certain investments, the Corporation has the right to acquire shares and/or participate in the profits of the enterprise.

International Finance Corporation

STATEMENT OF CUMULATIVE GROSS COMMITMENTS

June 30, 1991
In thousands of United States dollars

Country, region or other area	Number of Companies	Cumulative Gross Commitments[1] IFC	Syndications	Total
Afghanistan	1	$ 322	$ —	$ 322
Argentina	36	586,487	145,586	732,073
Australia	2	975	—	975
Bangladesh	5	12,834	4,155	16,990
Barbados	2	1,550	—	1,550
Belize	1	1,000	—	1,000
Bolivia	8	35,388	1,000	36,388
Botswana	3	1,410	—	1,410
Brazil	67	1,066,143	544,112	1,610,255
Burkina Faso	1	542	—	542
Burundi	1	5,878	—	5,878
Cameroon	12	28,541	329	28,870
Chile	17	476,782	119,221	596,003
China	5	44,261	—	44,261
Colombia	33	234,009	89,821	323,830
Congo, People's Republic of the	4	7,925	—	7,925
Costa Rica	5	13,847	217	14,064
Côte d'Ivoire	10	30,605	—	30,605
Cyprus	5	13,470	597	14,067
Dominica	1	701	—	701
Dominican Republic	7	28,999	2,400	31,399
Ecuador	8	44,360	1,236	45,596
Egypt, Arab Republic of	15	178,243	73,500	251,743
El Salvador	2	1,074	—	1,074
Ethiopia	4	20,078	3,490	23,568
Fiji	4	20,792	—	20,792
Finland	4	1,075	2,073	3,148
Gabon	4	96,249	110,000	206,249
Gambia, The	3	4,809	—	4,809
Ghana	12	104,772	91,500	196,272
Greece	7	26,006	41,107	67,113
Grenada	1	6,000	—	6,000
Guatemala	3	18,200	—	18,200
Guinea	4	23,443	—	23,443
Guinea-Bissau	1	5,850	—	5,850
Guyana	1	2,000	—	2,000
Haiti	1	1,500	—	1,500
Honduras	4	5,697	6,101	11,798
Hungary	11	117,366	14,420	131,786
India	55	812,941	171,565	984,505
Indonesia	25	254,194	145,693	399,887
Iran, Islamic Republic of	7	34,343	8,193	42,536
Israel	1	10,500	—	10,500
Italy	1	960	—	960
Jamaica	10	35,576	926	36,502
Jordan	6	48,831	50,250	99,081
Kenya	16	111,025	35,667	146,692
Korea, Republic of	20	209,918	45,135	255,053
Lebanon	4	6,505	2,600	9,105
Lesotho	2	454	—	454
Liberia	2	9,202	1	9,203
Madagascar	5	34,878	—	34,878
Malawi	7	$ 32,594	$ —	$ 32,594
Malaysia	9	42,980	16,307	59,287
Mali	2	2,932	—	2,932
Mauritania	2	14,642	9,558	24,200
Mauritius	5	15,058	98	15,156
Mexico	45	936,471	652,360	1,588,832
Morocco	13	195,536	121,034	316,570
Mozambique	2	10,250	—	10,250
Nepal	2	8,094	—	8,094
Nicaragua	3	8,543	929	9,472
Niger	1	2,267	—	2,267
Nigeria	14	159,287	99,170	258,457
Oman	1	2,029	—	2,029
Pakistan	30	277,482	131,987	409,469
Panama	3	55,100	—	55,100
Paraguay	4	15,008	—	15,008
Peru	16	83,055	3,945	87,000
Philippines	35	332,020	129,766	461,786
Poland	4	57,720	—	57,720
Portugal	8	42,934	17,061	59,994
Rwanda	2	1,308	—	1,308
Saint Lucia	1	3,700	—	3,700
Senegal	9	55,374	755	56,129
Seychelles	1	10,458	—	10,458
Sierra Leone	1	2,050	—	2,050
Somalia	2	1,351	—	1,351
Spain	5	19,048	1,685	20,733
Sri Lanka	8	25,583	13,615	39,198
Sudan	6	26,511	6,489	32,999
Swaziland	5	28,539	—	28,539
Tanzania	6	17,088	986	18,074
Thailand	26	252,906	139,558	392,464
Togo	4	12,033	—	12,033
Trinidad and Tobago	5	43,232	150,000	193,232
Tunisia	14	45,586	2,324	47,910
Turkey	44	537,104	302,825	839,929
Uganda	6	15,836	1,588	17,425
Uruguay	6	41,804	10,000	51,804
Venezuela	15	211,285	64,661	275,946
Yemen, Republic of	5	22,198	1,454	23,652
Yugoslavia	25	528,079	201,212	729,291
Zaire	7	43,249	—	43,249
Zambia	10	85,071	23,827	108,898
Zimbabwe	17	134,182	83,000	217,182
Regional Investments				
Africa	2	5,173	1,940	7,113
Asia	2	12,472	—	12,472
Latin America	1	10,000	—	10,000
Worldwide Investments	9	173,911	137,500	311,411
Other (Taiwan, China)[2]	2	8,444	1,400	9,844
TOTAL	921	$9,506,082	$4,037,930	$13,544,012

[1] Cumulative commitments are composed of disbursed and undisbursed balances. The undisbursed portion is revalued at current exchange rates while the disbursed portion represents the cost of commitment at the time of disbursement.
[2] Represents investments made at a time when the authorities on Taiwan represented China in the International Finance Corporation (prior to May 15, 1980).

GOVERNORS AND ALTERNATES

As of June 30, 1991

Member	Governor	Alternate
Afghanistan	Mohammad Hakim	Mohammad Ehsan
Algeria	Ghazi Hidouci	Kacim Brachemi
Angola	Fernando van Dunem	Fernando A.G. Teixeira
Antigua and Barbuda	John E. St. Luce	Ludolph Brown
Argentina	Domingo Cavallo	Roque Fernandez
Australia	John Kerin	Bob Dun
Austria	Ferdinand Lacina	Othmar Haushofer
Bahamas, The	Paul L. Adderley	Warren Rolle
Bangladesh	M. Saifur Rahman	Enam Ahmed Chaudhury
Barbados	L. Erskine Sandiford	Winston A. Cox
Belgium	Philippe Maystadt	Alfons Verplaetse
Belize	Said W. Musa	Joseph D. Waight
Benin	Paul Dossou	Fatiou Adekounte
Bolivia	Enrique Garcia	Raul Boada
Botswana	Festus G. Mogae	Baledzi Gaolathe
Brazil	Marcilio Marques Moreira	Francisco Gros
Burkina Faso	Frederic A. Korsaga	Henri Bruno Bessin
Burundi	Gerard Niyibigira	Salvator Nkeshimana
Cameroon	Tchouta Moussa	Esther Dang
Canada	Donald Mazankowski	Marcel Masse
Cape Verde	Jose Tomas Veiga	Antonio Hilario Da Cruz
Central African Republic	Thierry Bingaba	Gregoire Zowaye
Chile	Alejandro Foxley	Jose Pablo Arellano
China	Wang Bingqian	Chi Haibin
Colombia	Rudolf Hommes	Francisco J. Ortega
Congo, People's Rep. of the	Pierre Moussa	Dieudonne Diabatantou
Costa Rica	Thelmo Vargas Madrigal	Jorge Guardia Quiros
Côte d'Ivoire	Kablan D. Duncan	N'Golo Coulibaly
Cyprus	George Syrimis	Michael Erotokritos
Czechoslovakia	Vaclav Klaus	Josef Tosovsky
Denmark	Uffe Ellemann-Jensen	Ole Loensmann Poulsen
Djibouti	Moussa Bouraleh Robleh	Ibrahim Kassim Chehem
Dominica	Mary Eugenia Charles	Gilbert Williams
Dominican Republic	Luis Toral Cordova	Manuel E. Gomez Pieterz
Ecuador	Pablo Better	Mauricio Valencia
Egypt, Arab Rep. of	Kamal El-Ganzoury	Maurice Makram-Allah
El Salvador	Mirna Lievano de Marques	Jose Roberto Orellana Milla
Ethiopia	Bekele Tamirat	Seyoum Alemayehu
Fiji	J.N. Kamikamica	Rigamoto Taito
Finland	Iiro Viinanen	Toimi Kankaanniemi
France	Jacques de Larosiere	Jean-Claude Trichet
Gabon	Marcel Doupamby-Matoka	Richard Onouviet
Gambia, The	Saihou S. Sabally	Alieu M. Ngum
Germany	Carl-Dieter Spranger	Horst Koehler
Ghana	Kwesi Botchwey	Kwesi Bekoe Amissah-Arthur
Greece	Efthimios Christodoulou	George Vlachos
Grenada	George Ignatius Brizan	Lauriston F. Wilson, Jr.
Guatemala	Richard Aitkenhead Castillo	Juan Luis Miron Aguilar
Guinea	Ibrahima Sylla	Kerfalla Yansane
Guinea-Bissau	Pedro A. Godinho Gomes	Jose Lima Barber
Guyana	Carl Greenidge	Winston Murray
Haiti	Marie Michele Rey	Renaud Bernardin
Honduras	Benjamin Villanueva	Ricardo Maduro Joest
Hungary	Mihaly Kupa	Imre Tarafas
Iceland	Jon Sigurdsson	Fridrik Sophusson
India	Manmohan Singh	S.P. Shukla
Indonesia	J.B. Sumarlin	Hasudungan Tampubolon
Iran, Islamic Rep. of	Mohsen Noorbakhsh	Mehdi Navab
Iraq	Subhi Frankool	Hashim Ali Obaid
Ireland	Albert Reynolds	Sean P. Cromien
Israel	Michael Bruno	Shalom Singer
Italy	Carlo Azeglio Ciampi	Mario Draghi
Jamaica	P.J. Patterson	Omar Davies
Japan	Ryutaro Hashimoto	Yasushi Mieno
Jordan	Khalid Amin Abdullah	Ibrahim Badran
Kenya	George Saitoti	Charles S. Mbindyo
Kiribati	Teatao Teannaki	Baraniko Baaro
Korea, Republic of	Yong-Man Rhee	Kun Kim
Kuwait	Nasser Abdullah Al-Roudhan	Bader Meshari Al-Humaidhi
Lebanon	Ali El-Khalil	Habib Abu-Sakr
Lesotho	A.L. Thoahlane	T.N. Thokoa

Member	Governor	Alternate
Liberia	Elijah E. Taylor	Mary B. Dennis
Libya	Mohamed El Madni Al-Bukhari	Bashir Ali Khallat
Luxembourg	Jean-Claude Juncker	Yves Mersch
Madagascar	Jean Robiarivony	Nirina Andriamanerasoa
Malawi	L. Chimango	Graham Chipande
Malaysia	Anwar Ibrahim	Zain Azraai
Maldives	Fathulla Jameel	(vacant)
Mali	Bakary Mariko	Souleymane Dembele
Mauritania	Mohamedou Ould Michel	M'Rabih Rabou Ould Cheikh Bounena
Mauritius	Beergoonath Ghurburrun	Dharam Dev Manraj
Mexico	Pedro Aspe Armella	Jose Angel Gurria
Mongolia	Gochoogiin Khuderchuluun	Dalrain Davaasambuu
Morocco	Mohamed Berrada	Mohammed Dairi
Mozambique	Abdul Magid Osman	Eneas da Conceicao Comiche
Myanmar	D.O. Abel	Min Aung
Namibia	Zedekia Ngavirue	Godfrey Gaoseb
Nepal	Devendra Raj Panday	Sashi Naravan Shah
Netherlands	W. Kok	J.P. Pronk
New Zealand	Graham C. Scott	Chris N. Pinfield
Nicaragua	Emilio Pereira	Silvio De Franco
Niger	Almoustapha Soumaila	Nassirou Sabo
Nigeria	Abubakar Alhaji	Ahmadu Abubakar
Norway	Sigbjoern Johnsen	Grete Faremo
Oman	Qais Abdul-Munim Al-Zawawi	Mohammed Bin Musa Al Yousef
Pakistan	Sartaj Aziz	R.A. Akhund
Panama	Guillermo Ford B.	Luis H. Moreno, Jr.
Papua New Guinea	Paul Pora	Morea Vele
Paraguay	Juan J. Diaz Perez	(vacant)
Peru	Carlos Bolona Behr	Alfredo Jalilie Awapara
Philippines	Jesus P. Estanislao	Jose Cuisia, Jr.
Poland	Grzegorz Wojtowicz	Wladyslaw Golebiowski
Portugal	Luis Miguel Beleza	Carlos Manuel Tavares da Silva
Romania	Theodor Dumitru Stolojan	Marian Crisan
Rwanda	Benoit Ntigulirwa	Felicien Ntahondi
St. Lucia	John G.M. Compton	Bernard Lacorbiniere
Saudi Arabia	Mohammad Abalkhail	Hamad Al-Savari
Senegal	Famara Ibrahima Sagna	Awa Thiongane
Seychelles	Danielle de St. Jorre	Bertrand Rassool
Sierra Leone	Thomas Taylor Morgan	Y.T. Sesay
Singapore	Richard Hu Tsu Tau	Ngiam Tong Dow
Solomon Islands	Christopher C. Abe	Snyder Rini
Somalia	Abdurahman Jama Barre	Said Ahmed Yusuf
South Africa	C.L. Stals	Simon Streicher Brand
Spain	Carlos Solchaga	Mariano Rubio Jimenez
Sri Lanka	D.B. Wijetunga	R. Paskaralingam
Sudan	Abdul Rahim Mahmood Hamdi	Mohamed Khair El Zubair
Swaziland	Elliot Bhembe	Noreen N. Maphalala
Sweden	Allan Larsson	Lena Hjelm-Wallen
Syrian Arab Republic	Mohammed Khaled Mahayni	Adnan Al-Saty
Tanzania	K.A. Malima	Simon Mbilinyi
Thailand	Suthee Singhasaneh	Panas Simasathien
Togo	Barry Moussa Barque	Kwassi Klutse
Tonga	James Cecil Cocker	Selwyn Percy Jones
Trinidad and Tobago	Selby Wilson	William G. Demas
Tunisia	Mustapha Kamel Nabli	Abdellatif Saddem
Turkey	Namik Kemal Kilic	Mahfi Egilmez
Uganda	Joshua Mayanja Nkangi	James Kahoza
United Arab Emirates	Hamdan bin Rashid Al Maktoum	Ahmed Humaid Al-Tayer
United Kingdom	Robin Leigh-Pemberton	Timothy Lankester
United States	Nicholas F. Brady	Richard T. McCormack
Uruguay	Enrique Braga	Conrado Hughes
Vanuatu	S.J. Regenvanu	George Pakoa
Venezuela	Miguel Rodriguez	Carlos Stark Rausseo
Viet Nam	Cao Si Kiem	Le Van Chau
Western Samoa	Tuilaepa S. Malielegaoi	Epa Tuioti
Yemen, Republic of	Farag Bin Ghanem	(vacant)
Yugoslavia	Branimir Zekan	Slavoljub Stanic
Zaire	Ilunga Ilunkamba	Mbonga Magalu Engwanda
Zambia	M.N. Masheke	Leonard Nkhata
Zimbabwe	B.T.G. Chidzero	K.J. Moyana

DIRECTORS AND ALTERNATES AND THEIR VOTING POWER

June 30, 1991

Director	Alternate	Casting Votes of	Total Votes	% of Total
Appointed				
E. Patrick Coady	Mark T. Cox, IV	United States	281,742	24.08
Masaki Shiratori	(vacant)[1]	Japan	80,044	6.84
Gerhard Boehmer[2]	Harald Rehm	Germany	73,111	6.25
Jean-Pierre Landau	Philippe de Fontaine Vive	France	68,650	5.87
David Peretz	Robert Graham-Harrison	United Kingdom	68,650	5.87
Elected				
Rosario Bonavoglia (Italy)	Fernando S. Carneiro (Portugal)	Greece, Italy, Poland, Portugal	59,534	5.09
Jacques de Groote[3] (Belgium)	Walter Rill (Austria)	Austria, Belgium, Czechoslovakia, Hungary, Luxembourg, Turkey	56,203	4.80
J.S. Baijal (India)	M.A. Syed (Bangladesh)	Bangladesh, India, Sri Lanka	55,428	4.74
Frank Potter (Canada)	Clarence Ellis (Guyana)	Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Lucia	52,778	4.51
Jonas H. Haralz[4] (Iceland)	Jorunn Maehlum (Norway)	Denmark, Finland, Iceland, Norway, Sweden	45,758	3.91
Moises Naim (Venezuela)	Silvia Sharpentier[5] (Costa Rica)	Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Spain, Venezuela	44,640	3.82
Eveline Herfkens (Netherlands)	Boris Skapin (Yugoslavia)	Cyprus, Israel, Netherlands, Romania, Yugoslavia	41,712	3.57
John H. Cosgrove (Australia)	A. John Wilson (New Zealand)	Australia, Kiribati, Korea (Republica of), New Zealand, Papua New Guinea, Solomon Islands, Vanuatu, Western Samoa,	39,938	3.41
Ernest Leung (Philippines)	Paulo C. Ximenes-Ferreira (Brazil)	Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Philippines, Trinidad and Tobago	33,654	2.88
Vibul Aunsnunta (Thailand)	Aung Pe (Myanmar)	Fiji, Indonesia, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, Viet Nam	33,049	2.83
Felix Alberto Camarasa (Argentina)	Nicolas Flano (Chile)	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay	30,703	2.62
Fawzi Hamad Al-Sultan (Kuwait)	Mohamed W. Hosny (Arab Republic of Egypt)	Egypt (Arab Republic of), Jordan, Kuwait, Lebanon, Maldives, Oman, Pakistan, Syrian Arab Republic, United Arab Emirates, Yemen (Republic of)	26,415	2.26
Jabez A. Langley (The Gambia)	O.K. Matambo (Botswana)	Angola, Botswana, Burundi, Ethiopia, The Gambia, Guinea, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Seychelles, Sierra Leone, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe	25,849	2.21
Ibrahim A. Assaf (Saudi Arabia)	Ahmed M. Al-Ghannam (Saudi Arabia)	Saudi Arabia	14,697	1.26
Jean-Pierre Le Bouder (Central African Republic)	Ali Bourhane (Comoros)	Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Congo (People's Republic of the), Côte d'Ivoire, Djibouti, Gabon, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, Senegal, Somalia, Togo, Zaire	14,625	1.25
Mohamed Benhocine (Algeria)	Salem Mohamed Omeish (Libya)	Afghanistan, Algeria, Ghana, Iran (Islamic Republic of), Libya, Morocco, Tunisia	14,273	1.22
Wang Liansheng (China)	Jin Liqun (China)	China	8,372	.72

In addition to the Directors and Alternates shown in the foregoing list, the following also served after October 31, 1990:

Director	End of period of service	Alternate director	End of period of service
Cesare Caranza (Italy)	February 11, 1991	Abdulaziz Al-Sehail (Saudi Arabia)	December 21, 1990
Chang-Yuel Lim (Republic of Korea)	May 31, 1991	Robert G. Carling (Australia)	February 28, 1991
		Bernd Esdar (Germany)	January 31, 1991
		M. Mustafizur Rahman (Bangladesh)	April 30, 1991
		Yukio Yoshimura (Japan)	June 7, 1991

Note: Iraq (397 votes), Mongolia (394 votes) and South Africa (9,264 votes) did not participate in the 1990 Regular Election of Directors.

1. Kiyoshi Kodera (Japan) has been appointed effective July 8, 1991.
2. To be succeeded by Fritz Fischer (Germany), effective July 1, 1991.
3. To be succeeded by Bernard Snoy (Belgium), effective September 1, 1991.
4. To be succeeded by Einar Magnussen (Norway), effective August 1, 1991.
5. To be succeeded by Gabriel Castellanos (Guatemala), effective July 1, 1991.

THE BANKING ADVISORY PANEL

IFC's Banking Advisory Panel meets regularly with the Corporation's management to discuss IFC's activities and policies.

Abdlatif y Al-Hamad	Director General Arab Fund for Economic and Social Development Kuwait
Jan Ekman	Vice Chairman Svenska Handelsbanken Stockholm, Sweden
Wilfried Guth	Chairman of the Supervisory Board Deutsche Bank A.G. Frankfurt, Germany
Jean-Yves Haberer	President Crédit Lyonnais Paris, France
Yusuke Kashiwagi	Chairman The Bank of Tokyo, Ltd. Tokyo, Japan
Lord Roll of Ipsden	Chairman S.G. Warburg and Co. Ltd. London, England
Robert V. Roosa	Partner Brown Brothers Harriman and Co. New York, NY, United States
Anthony Solomon	Chairman S.G. Warburg (USA) Inc. New York, NY, United States
Gerrit J. Tammes	Vice Chairman of the Board NMB Postbank Group Amsterdam, Netherlands

THE BUSINESS ADVISORY COUNCIL

The Business Advisory Council, which advises IFC's management on the needs and views of business and industry in connection with the Corporation's activities, held its Annual Meeting in May 1991.

S. Babar Ali	Adviser Packages Limited Lahore, Pakistan
Thomas J. Bata	Chairman of the Board Bata Limited Don Mills, Ontario, Canada
Sir Michael Caine	Chairman Booker plc London, England
Ariston M. Chambati	Chairman and Chief Executive T.A. Holdings Limited Harare, Zimbabwe
Mustapha Faris	Chief Executive Officer Banque Nationale pour le Developpement Economique Rabat, Morocco
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* These officers hold the same position in the International Bank for Reconstruction and Development.

ACRONYMS

AEF	Africa Enterprise Fund
AfDB	African Development Bank
AMSCo	African Management Services Company
APDF	Africa Project Development Facility
ASEAN	Association of Southeast Asian Nations
CBAS	Business Advisory Service for the Caribbean and Central America
COMECON	Council for Mutual Economic Assistance
EC	The European Community
EMDB	Emerging Markets Data Base
FIAS	Foreign Investment Advisory Service
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
MIGA	Multilateral Investment Guarantee Agency
MSCI	Morgan Stanley-Capital International
OECD	Organization for Economic Cooperation and Development
PBAS	Polish Business Advisory Service
SPPF	South Pacific Project Facility
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

ABBREVIATIONS

FY	fiscal year
FDI	foreign direct investment
GDP	gross domestic product
GNP	gross national product
LIBOR	London interbank offered rate

NOTES AND DEFINITIONS

1. IFC's fiscal year runs from July 1 to June 30. Thus, fiscal year 1991 (FY91) began on July 1, 1990 and ended on June 30, 1991.

2. The World Bank Group includes IFC, IBRD, IDA, and MIGA. IBRD and IDA are sometimes referred to as the World Bank. In this report, IFC is sometimes referred to as the Corporation.

3. Investment amounts are generally given in U.S. dollars, regardless of the original currency or currencies of the investment, based on the exchange rate in effect on June 30, 1991.

4. Figures cited in connection with project financing may refer to the following:

(a) *Approvals* — Loans, guarantees, equity and quasi-equity investments, and underwritings approved during FY91.

(b) *Commitments* — Loans, guarantees, and equity and quasi-equity investments for which agreements were signed by IFC and project sponsors during FY91.

(c) *Disbursements* — Loans and equity and quasi-equity investments actually disbursed during FY91.

5. Net and gross financing are defined as follows:

(a) *Net financing* — Amount lent or invested for IFC's own account, exclusive of funds provided by others.

(b) *Gross financing* — Total financing approved, including both IFC's loans and investments and funds provided by other investors and lenders through syndicated loans and underwriting.

6. In some tables, totals may differ from the sum of individual figures because of rounding.

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